

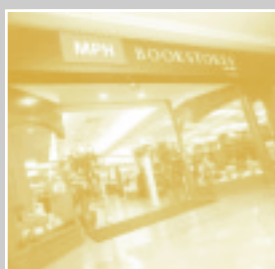
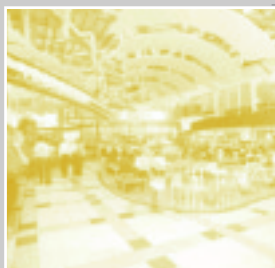
# annual report 2000



IGB Corporation Berhad (5745-A)

# C O N T E N T S

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## NOTICE OF ANNUAL

## GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Seventh Annual General Meeting of IGB Corporation Berhad will be held at Hall 12, Golden Screen Cinemas, 3<sup>rd</sup> Floor, South Court, Mid Valley Megamall, Lingkaran Syed Putra, 59200 Kuala Lumpur on Wednesday, 30 May 2001 at 11.30 a.m. for the transaction of the following businesses:

- |                                                                                                                                                                             |                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 1. To receive the Audited Accounts for the year ended 31 December 2000 and the Reports of the Directors and Auditors thereon.                                               | <b>Resolution 1</b> |
| 2. To declare a first and final dividend of 5% less 28% tax for the year ended 31 December 2000.                                                                            | <b>Resolution 2</b> |
| 3. To approve the payment of Directors' fees for the year ended 31 December 2000.                                                                                           | <b>Resolution 3</b> |
| 4. To re-elect Encik Abdul Samad bin Haji Alias retiring under Article 85 of the Company's Articles of Association and who, being eligible, offers himself for re-election. | <b>Resolution 4</b> |
| 5. To re-elect Encik Osman bin Haji Ismail retiring under Article 89 of the Company's Article of Association and who, being eligible, offers himself for re-election.       | <b>Resolution 5</b> |
| 6. To re-appoint PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.                                                | <b>Resolution 6</b> |
| 7. As SPECIAL BUSINESS, to consider and if thought fit, to pass the following resolution:                                                                                   |                     |

### **Ordinary Resolution**

#### **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

'THAT, subject to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital for the time being of the Company, and that the Directors be and are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.'

**Resolution 7**

- |                                                                              |  |
|------------------------------------------------------------------------------|--|
| 8. To transact any other business of which due notice shall have been given. |  |
|------------------------------------------------------------------------------|--|

**NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting to be held on 30 May 2001, a first and final dividend of 5% for the year ended 31 December 2000 will be paid on 16 July 2001 to Depositors registered in the Record of Depositors at the close of business on 29 June 2001.

A Depositor shall qualify for the entitlement only in respect of :

- (a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 27 June 2001 in respect of shares which are exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 29 June 2001 in respect of ordinary transfers; and
- (c) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

Tina Chan Lai Yin  
Mary Wong  
Secretaries

Kuala Lumpur  
4 May 2001

*Notes:*

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company. In the case of a corporate member, the instrument appointing a proxy shall be under its common seal or under the hand of a duly authorised officer or attorney. The Form of Proxy must be deposited at the Registered Office of the Company at Penthouse, Menara IGB, No. 1 The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
2. *Resolution pursuant to Section 132D of the Companies Act, 1965*  
The proposed adoption of Ordinary Resolution 7 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. The authorization will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next annual general meeting.



**BOARD OF DIRECTORS**

Dato' Tan Chin Nam  
*Chairman*

Tan Boon Seng  
*Joint Managing Director*

Robert Tan Chung Meng  
*Joint Managing Director*

Tan Boon Gark  
*Deputy Managing Director*

Lai Meng  
*Executive Director*

Tan Sri Abu Talib bin Othman

Dato' Seri Khalid Ahmad bin Sulaiman

Abdul Samad bin Haji Alias

Chong Kim Weng

Osman bin Haji Ismail

Chua Seng Yong  
*Alternate to Robert Tan Chung Meng*

**COMPANY SECRETARIES**

Tina Chan Lai Yin  
Mary Wong

**REGISTERED OFFICE**

Penthouse, Menara IGB  
No. 1 The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel : 03-2289 8989  
Fax : 03-2289 8802

**REGISTRAR**

IGB Corporation Berhad  
[Share Registration Department]  
23<sup>rd</sup> Floor Menara IGB  
No. 1 The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel : 03-2289 8989  
Fax : 03-2289 8983

**AUDITORS**

PricewaterhouseCoopers  
11<sup>th</sup> Floor Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur

**PRINCIPAL BANKERS**

HSBC Bank Malaysia Berhad  
Citibank Berhad  
Malayan Banking Berhad  
RHB Sakura Merchant Bankers Berhad

**STOCK EXCHANGE LISTING**

Kuala Lumpur Stock Exchange  
Main Board

**MEMBERS**

Abdul Samad bin Haji Alias

*(Chairman)*

*Independent Non-Executive Director*

Chong Kim Weng

*Non-Independent Non-Executive Director*

Tan Boon Gark

*Deputy Managing Director*

Lai Meng

*Executive Director*

**COMPOSITION**

The Committee shall be appointed by the Board from among their number and shall be composed of not less than three members, the majority of which must be Non-Executive Directors.

The Chairman of the Committee shall be appointed by the members of the Committee.

If a member of the Committee resigns or ceases to be a member which results in the number of members being reduced to below three, the Board of Directors shall within three months of the event appoint such number of new members as may be required to make up the minimum number.

**AUTHORITY**

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.

The Committee is also authorised by the Board to obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

**DUTIES**

The duties of the Committee shall be to

1. Discuss with external auditors before the annual audit commences, the nature and scope of the audit.
2. Review the quarterly results and year end financial statements before submission to the Board for approval.
3. Discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss.
4. Review with external auditors their evaluation of the system of internal accounting controls.
5. Review the internal audit programme, consider the major findings of internal audit investigations and management's response.
6. Review any significant related party transactions that may arise and to ensure they are negotiated on a fair and reasonable basis.
7. Recommend the appointment of external auditors, audit fee and any questions of resignation or dismissal.
8. Other functions as may be agreed by the Committee and the Board of Directors.



A brief write up on the Directors is as follows:-

**Dato' Tan Chin Nam**, aged 75, is the Chairman, founder-director and substantial shareholder of IGB. After completing his education in Victoria Institution, Kuala Lumpur, he began his career in property development in the mid 1940's in Penang. Since then he has moved on to large-scale development in the property and hospitality industry in Malaysia, Singapore and Hong Kong. In recognition of his career achievements and innovative contribution to the property development industry, he was awarded by Fiabci Malaysia the "Property Man of the Year" in 1992. Besides IGB, he is also the Honorary Life President of Tan & Tan Developments Berhad.

**Tan Boon Seng**, aged 45, Master of Arts, Cambridge University, is the Joint Managing Director of IGB. He joined IGB in 1980 as General Manager and was appointed to the Board of IGB on 20 December 1990. He was appointed the Managing Director of IGB in 1991. He is also the Chairman and Managing Director of Lee Hing Development Limited, and a Director of South China Holdings Limited, South China Brokerage Co. Limited, South China Industries Limited, Wo Kee Hong (Holdings) Limited and Star Cruise Limited, all listed on The Stock Exchange of Hong Kong Limited. He also sits on the Board of other private companies.

**Robert Tan Chung Meng**, aged 49, was appointed to the Board of IGB on 18 December 1995. He has 20 years experience in the property and hotel industry. After studying Business Administration in the United Kingdom, he was attached to a Chartered Surveyor's firm for one year. He has also developed a housing project in Central London before returning to Malaysia. He has been involved in various development projects carried out by IGB (in particular the Mid Valley Project), Tan & Tan Developments Berhad and Wah Seong group of companies which has interest in industrial sectors including oil and gas, infrastructure related products, industrial engineering, construction material and property. He also sits on the Board of Tan & Tan Developments Berhad.

**Tan Boon Gark**, aged 51, was appointed to the Board of IGB on 16 June 1992. He obtained his Bachelor of Engineering degree from Monash University, Australia in 1975. He joined IGB in 1980 as Project Manager. Since then, he has held the position of Area Manager for Kuala Lumpur Office, Director-Properties and Executive Director of IGB. He was promoted to Deputy Managing Director of IGB in January 1995. He also sits on the Board of Negara Properties (M) Berhad and other private companies.

**Lai Meng**, aged 45, holds a Bachelor of Economics and Statistics (1<sup>st</sup> Class Honours) degree from University of Malaya. He was formerly the General Manager (Finance and Administration) of Tan & Tan Developments Berhad. The positions he held previously includes Corporate Planner of Kinta Kellas Investments Plc., Corporate Planner of Hong Kong Tin Corporation (Malaysia) Berhad (*now known as YTL Corporation Berhad*) and Senior Administration Officer in Bank Negara Malaysia. He joined IGB as Director-Corporate Affairs in July 1992 and was appointed Executive Director of IGB on 1 January 1995. Currently, he sits on the Board of IJM Corporation Berhad, Ipimuda Berhad and other private companies.

**Tan Sri Abu Talib bin Othman**, aged 63, joined the Board of IGB on 18 July 1995. Formerly the Attorney General of Malaysia until he retired in October 1993, Tan Sri Abu Talib was the Government's Chief Legal Advisor for 13 years. He had his early education in Malacca and completed his Bar finals at Lincoln's Inn in London, United Kingdom, before becoming a Magistrate in Kuala Lumpur on his return. He also sits on the Board of various public listed companies, including Tan & Tan Developments Berhad, British American Tobacco (Malaysia) Berhad, Renong Berhad, Time DotCom Berhad, Sime Darby Berhad, Crest Petroleum Berhad, Sapura Telecommunications Berhad and Prime Utilities Berhad.



**Abdul Samad bin Haji Alias**, aged 58, was appointed to the Board of IGB on 12 April 1983. He was also appointed Chairman of the Audit Committee in 1994. He graduated from the University of Western Australia with a Bachelor of Commerce degree. He is a member of the Malaysian Association of Certified Public Accountants and the Malaysian Institute of Accountants. He is also a board member of the Malaysian Accounting Standards Board, a Fellow of the Institute of Chartered Accountants in Australia and an Associate Member of the Chartered Institute of Bankers, United Kingdom. He is currently an advisor to Arthur Andersen & Co., Malaysia. He also sits on the Board of a few public listed companies in Malaysia and Australia including Malaysia Mining Corporation Berhad, MMC Engineering Group Berhad and Hillgrove Gold NL.

**Dato' Seri Khalid Ahmad bin Sulaiman**, aged 65, joined the Board of IGB on 18 June 1982. Dato' Seri Khalid studied at the University of Leicester, England and was called to the Bar at Middle Temple in 1964. He worked as Legal Advisor to the statutory body (MARA) for three years before setting up his own legal practice in Penang in 1969. He was also the Penang State Executive Councillor from 1974 to 1982. Dato' Seri Khalid also sits on the Board of Hong Leong Credit Berhad, HLG Capital Berhad and Hong Leong Securities Berhad.

**Chong Kim Weng**, aged 42, was appointed to the Board of IGB on 15 September 1993. He is a lawyer by profession. He has a number of years experience in areas of corporate finance throughout Asia. He is currently the Chairman of Armourglass Limited, a public listed company in Australia dealing with security glass and defence products and is also the Managing Director of DBM (Malaysia) Sdn Bhd, a company involved in human resource consultancy. He also sits on the Board of other private companies in Malaysia, Singapore, Hong Kong, Australia and United Kingdom.

**Osman bin Haji Ismail**, Adv. Dip. Acc., aged 43, is a non-executive director of IGB Corporation Berhad. He was appointed as a Director on 4 January 2001, and is a representative of Permodalan Nasional Berhad ("PNB"). He is also a non-executive director of IJM Corporation Berhad and Tan & Tan Developments Berhad. He also holds the post of non-executive director of Heveafil Sdn Bhd. He is Senior Manager 1, Financial & Management Audit Department, of PNB and was with PNB Group since 1985. He is also a member of the Institute of Internal Auditor Malaysia. He obtained his Diploma in Accountancy from Mara Institute of Technology in 1980, an Advance Diploma in Accountancy from Luton University, England in 1983 and a Certificate in Internal Quality Auditor (Neville Clark) in 1996.

**Chua Seng Yong**, aged 39, is the Special Assistant to the Joint Managing Director of IGB. He graduated with an Economics degree from Monash University, Australia in 1984. He is also an associate member of the Australia Society of Accountants. He attained his Masters in Business Administration from Cranfield School of Management, United Kingdom in 1992. He joined IGB as Financial Controller in 1994 and has more than 15 years experience in property and hotel industry. He was appointed to the Board of IGB on 30 November 1999 as an alternate to Robert Tan Chun Meng.





On behalf of the Board of Directors, it is my great pleasure to present the Annual Report and Audited Accounts of the IGB Corporation Berhad Group for the financial year ended 31 December 2000.

## RESULTS

I am delighted once again to report that the Group's fine performance continued in the financial year 2000. Group's revenue was RM591.9 million, 14% higher than 1999. Group pretax profit rose by 42% to RM46.0 million. The good performance of the Group can be attributed to the full year's contribution of rental income from the Mid Valley Megamall, the profit recognition from sale of Signature Offices and Desa Damansara Phase 2 coupled with a marked improvement in hotel operations. An exceptional profit item of RM8.6 million derived from share of gain on the disposal of an asset by an associated company and a material reduction in the share of losses in the Group's 50% associated hotel in Kuala Lumpur, which recorded stronger operating results, also contributed to the improved performance.

In tandem with the improved earnings, Shareholders' Fund and Net Tangible Assets of the Group strengthened to RM1,234.9 million and RM2.08 per share, respectively. Earnings per share were recorded at 3.63 sen.

## SHARE CAPITAL

The total issued and paid up share capital of the Company increased from RM296,396,786 to RM296,976,536 during the year as a result of conversion of Warrants and subscriptions pursuant to the Employees Share Option Scheme.

The number of Transferable Subscription Rights and Warrants outstanding as at 31 December 2000 remained at 123,527,657 and 118,558,214, respectively. 4,659,000 shares remained unissued under the Employees Share Option Scheme.

## DIVIDEND

With the improved results achieved, and as a recognition of the continued support and loyalty of our shareholders, the Board is recommending a first and final gross dividend of 5% per share for the financial year ended 31 December 2000 (1999 : 2% tax exempt), payable on 16 July 2001 to shareholders on the Register of Depositors and Register of Members on 29 June 2001, if sanctioned at the forthcoming Annual General Meeting.

## CORPORATE HIGHLIGHT

As you may be aware, the Company announced on 15 May 2000 that it had signed a Memorandum of Understanding with Tan & Tan Developments Berhad ('Tan & Tan') to explore the feasibility of merging with us their property related businesses. Subsequently, on 25 July 2000, the Company, Tan & Tan and Gold IS Berhad ('Gold IS'), formerly known as Dimensi Subuh Berhad, entered into an agreement to merge the property related businesses of the Company and Tan & Tan which include, among others, the following :

- Proposed acquisition of the entire equity interest in Tan & Tan by the Company from Gold IS for a purchase consideration of RM644.82 million to be satisfied by RM50.0 million in cash, the issuance of 166,548,514 new IGB shares at an issue price of RM2.50 per share and 178,444,836 Irredeemable Cumulative Preference Shares of RM1.00 each ('ICPS') at par in the Company ('Proposed Tan & Tan Acquisition');
- Proposed bonus issue of new IGB shares to be credited as fully paid up on the basis of one new IGB share for every two IGB shares held after the Proposed Tan & Tan Acquisition;



- Proposed waiver for Gold IS and persons acting in concert with Gold IS from undertaking a mandatory take-over offer to acquire all the remaining IGB shares not already owned by them pursuant to the Proposed Tan & Tan Acquisition;
- Proposed increase in the authorized share capital of the Company from RM1,000,000,000 comprising 2,000,000,000 IGB shares to RM1,200,000,000 comprising 2,000,000,000 IGB Shares and 200,000,000 ICPS to accommodate the increase in the issued and paid up share capital (in the form of ICPS) pursuant to the Proposed Tan & Tan Acquisition ('Proposed Increase in IGB's Authorized Share Capital');
- Proposed amendments to the memorandum and articles of association of the Company to facilitate the issuance of ICPS pursuant to the Proposed Tan & Tan Acquisition, and to allow the Proposed Increase in IGB's Authorized Share Capital; and
- Proposed amendments to IGB's Employee Share Option Scheme ('ESOS') Bye-Laws to facilitate the issuance of options under the IGB's ESOS to the then ex-Tan & Tan Group employees after their transfers to the Group as the existing Tan & Tan's ESOS is proposed to be terminated after the proposed merger.

[hereinafter collectively referred to as 'Proposal']

The Proposed Tan & Tan Acquisition is essentially to consolidate the property related businesses of the Company and Tan & Tan, and in the process, to combine their resources and strengths to achieve the required scale to enhance its competitive position in the property market. There would be potential synergistic benefits which include, amongst others, cost savings, operational streamlining and collaborative marketing strategies in the enlarged Group. The Proposed Tan & Tan Acquisition also allows the rationalization of the common investment in the hotel business of both the Company and Tan & Tan, i.e. St Giles Hotel, London, St Giles Hotel, Heathrow and MiCasa Yangon. Upon completion of the Proposed Tan & Tan Acquisition, the aforeaid investment in hotel businesses would be held directly by the enlarged Group. In addition, the land bank of the Group would be enlarged upon completion of the proposed merger, and would augur well for the long-term project planning and phasing strategies, and hence optimize the utilization of its resources.

This Proposal is subject to the approval of the various regulatory authorities and will in due course be tabled for shareholders' approval. In this regard, your continued support is essential towards achieving long-term growth of the Group.

Further announcements will be made as and when there are further developments regarding the Proposal.

## OUTLOOK 2001

During the year under review, the economy grew at a moderate pace of 7.5%. The economic growth, while still sustainable, is set to slow this year given the growing external risks and setbacks on the domestic front. The economy is expected to slow down from the initial projection of 7% to 5.8% this year (*Source : The Edge*).



Given the not-too-optimistic picture on the global front, particularly events in the United States and the effects they will have on the nation's growth prospects, 2001 is expected to pose a challenge to the Group's businesses and performance.

The business operations of the Group, particularly the property, construction and service sectors, are correlated with the country's economic development. The property market has already shown signs of consolidation with transaction activities, both in numbers and total value transacted, moderating in the second half of 2000. The outlook for the construction sector is equally dull, and the hotel industry will be mediocre at best until the oversupply is balanced by higher demand in the future. In this respect, the Group will continue to strive for excellence and to distinguish itself from competitors, the Group will strive to be more innovative, focused and market oriented in the implementation of its products and services. The Group will thereby ensure its leading role in the Malaysian property industry.

The current economic slowdown and the overall pessimism felt in the country at the moment will mean a more challenging operating environment. However, the Board is confident that the Group will be more prepared in facing the impending challenges, having successfully negotiated the trying times during the recent daunting financial crisis. Management will persevere and strive for continuous business growth and operational efficiency to enhance the growth of the Group. Barring any major external shocks that could interfere with the economy, the performance of the Group for the financial year ending 31 December 2001 will still be profitable and satisfactory.

#### **BOARD ROOM**

Since the last Annual General Meeting, there have been several changes to the Board as detailed in the Directors' Report. Encik Ibrahim bin Awang, a nominee of Permodalan Nasional Berhad ('PNB'), and his alternate, Madam Lim Cheng Ean, resigned from the Board on 4 January 2001. In his place, PNB has nominated Encik Osman bin Haji Ismail. In accordance with Article 89 of the Company's Articles of Association, Encik Osman will come up for re-appointment at the forthcoming Annual General Meeting.

Mr Mihir Kumar Sen has tendered his notice of resignation from the Board on 28 March 2001, which the Board accepts with regret. Mr Sen joined the Group in 1990 and was instrumental in laying the ground work for Mid Valley Phase 1 Project.

In accordance with Article 85 of the Company's Articles of Association, Encik Abdul Samad bin Haji Alias and Mr Chong Kim Weng will retire by rotation at the forthcoming Annual General Meeting. Encik Samad, being eligible, offers himself for re-election. However, Mr Chong has expressed his wish not to stand for re-election to the Board at the forthcoming Annual General Meeting. Mr Chong has been a director since 1993 and has also served as a member of the Audit Committee since its inception.

To each of the abovementioned directors who held office, I would like to place on record the appreciation and gratitude of the Board and shareholders for their invaluable contribution and guidance, and offer them our best wishes in their other endeavours. At the same time, I would like to welcome Encik Osman as a new member of the Board.

#### **ACKNOWLEDGEMENT AND APPRECIATION**

My heartfelt thanks go to my fellow Board members for their counsel and commitment throughout the years. On their behalf, I would like to offer my sincere appreciation to the management and staff of the Group for their conscientious efforts and, yes, dedication. To the shareholders, business associates, bankers, customers, tenants, I thank you for your unwavering support, confidence and trust in the Group and look forward to your continuing support to see the Group



through the coming corporate merger exercise.

**BEST WISHES AND GOODBYE**

In 1996, the year that I began my tenure as IGB Board Chairman, I also reached the milestone of the Biblical three score and 10 years-or age 70.

I undertook the challenge of Board Chairman at the request of Tan Kim Yeow, my late brother. I have endeavoured to contribute whatever little expertise I could summon for the betterment of the Company. We had to cope with the major economic downturn in East Asia, and the past five years have been spent successfully surmounting enormous difficulties. My view, often stated over the years, is that under normal circumstances, the demarcation age for large responsibilities is 70 years. Hence, as the last founding member of the IGB Board, I feel it timely to step down as Chairman of the Board at the forthcoming Annual General Meeting. In due course, the Board will appoint a new Chairman and I wish him every success.

To my fellow Directors and shareholders, I wish you the best and Good-bye.

**DATO' TAN CHIN NAM****Chairman****4 May 2001**



Dear Shareholders,

Once again we take great pleasure to address you. For the year under review, in tandem with the improved Malaysian economy, the Group achieved a better performance, with revenue improving by 14% to RM591.9 million and net profit before taxation by 42% to RM46.0 million.

Contributions came from all the core businesses. The property division, which remains as the Group's prime revenue earner had contributed to a significant increase in the Group's income. The strong performance in the property division was driven largely by the full year's contribution of rental income from the Mid Valley Megamall, higher sales of Signature Offices and encouraging sales of Desa Damansara Phase 2. Although the property sector has shown a downward trend since the last quarter of 2000, we are confident of the ability of the property division to maintain its rate of growth in the current year in view of the locked in sales and also on account of the development projects being located in prime and strategic locations.

The Group's hotel division also performed well, benefiting from both improved average room rate and increased occupancy. Noteworthy of mention is the Renaissance Kuala Lumpur Hotel which showed a significant improvement in revenue over the comparable period in 1999 due to a marked increase in business levels. The outlook for the hotel industry in Malaysia remains bright in the longer term with the continuous intensive promotional efforts undertaken to promote the country as the preferred tourist destination. Nonetheless, some challenges would continue to exist with the oversupply of hotel rooms in the market and the continuing price competitions. However, we will continue to ensure that our hotels generate positive cash flow from their operations while at the same time, maintaining competitive key indicators in terms of productivity, efficiency, occupancy and room rates.

Encouraging results were also registered by our associate, IJM Corporation Berhad ('IJM'). Construction division was the leading contributor to IJM's earnings. With the existing order book of RM1.1 billion and the potential for new works arising from the Government's policy to accelerate development spending and the expectation of IJM's overseas operations to sustain better level of earnings, IJM is expected to do better this year.

In Australia, Ipoh Limited, the Group's 20.6% associate company, continued to contribute reasonably to the Group from strong rentals growth from its quality investment property portfolio, and also from its development activities.

Having regard to the anticipated slow down in the economy this year, and recognizing the existence of competition in all our core businesses, the Group will poise itself to take on the oncoming challenges and business opportunities to strengthen its current position. Concurrently, the Group will continue to practise prudent management and improve business performance through an effective management team and well focused strategies.

## PROPERTY DEVELOPMENT

### Mid Valley

The Mid Valley Megamall ('Megamall') has now been operational for over a year-having celebrated its first anniversary on 18 November 2000. The Megamall continues to enjoy substantial patronage which has proven that the initial opening crowds was not a temporary phenomenon as was initially believed by many parties. The Megamall is now recognized as a shopping destination for residents and visitors to Kuala Lumpur. MVC Center Management



Services is continuing its promotions and publicity to ensure that the Megamall retains its current status as the premier shopping center of the Klang Valley.

The Megamall is now fully operational on all levels except the 5th level (Entertainment) where 80% of the space is now complete and operational. The remaining space is expected to be completed in the second half of 2001.

The Megamall continues to enjoy a very high occupancy level at 98% on all levels, even the Boulevard facing shops where occupancy is now at 85%. Efforts will be made to lease out the remaining area when the Signature Offices that have been handed over are fully occupied. This is not expected until the end of 2001. The Management is also considering the introduction of additional trading vigour and activity along the Boulevard, particularly after working hours in order to sustain a high level of business activity. The high level of occupancy and heavy demand for space within the Megamall speak for the success of the project.

The tenants of the Megamall continue to trade well. Given the wide variety of merchandise, high level of occupancy and the daily/weekly customer traffic flow, all of which are in favour of the tenants, there should be continued trading vigour within the Megamall. With the aggressive promotions and publicity and event related activities, the Megamall should be able to sustain the present high level of business activity, and continue to yield steady income stream in the future.

Traffic volumes and number of shoppers continue to increase as more and more outlets are opened and tenant activities increase. Traffic volumes continue to rise both daily and on weekends and public holidays. The Management has put in place several additional measures to address the traffic requirements for the Megamall in consultation with the relevant authorities.

The Cititel Hotel opened for business in September 2000. Presently, a total of 500 rooms out of 629, are operational and the Hotel is enjoying an occupancy of about 55% on average to a high of 85% during public and school holidays. The Hotel is expected to have all rooms completed and operational by end May 2001. Management is thus confident that the Hotel will continue to perform well, and will make a significant contribution to the Megamall and the overall development of Mid Valley.

The 30 Signature Offices have been very well received by the public despite the concerns of the overhang of commercial office space in the Klang Valley. Presently, 87% of the available 739,000 sq ft have been sold or committed. The remaining 13% is expected to be taken up over the next six months as its location, accessibility, attractive pricing and long term potential are seen by more and more purchasers. All units and space sold have been handed over to the respective purchasers, many of whom have already moved in, or are in the process of doing so. Management expects the units to be progressively occupied by end 2001.

Menara IGB, standing impressively above the podium of the Megamall, is now operational. The office building houses the Group's head office, and most of its subsidiaries. This will enable the Group to operate at a greater level of efficiency, improve communications as well as enhance internal control. Tenants had been found for about 65% of the net lettable area of the office building.

The Group plans to build approximately 450 apartments on the site adjoining the northern end of the Megamall during 2001 after all relevant approvals have been obtained. Sale of apartments is expected to commence in the last quarter of 2001.



Phase 1 of the Mid Valley City is now almost complete and all elements built have been very successful, especially the Megamall. Notwithstanding any unexpected or unforeseen setbacks to the economy, the Mid Valley City Development project is expected to contribute significantly to the Group's long term growth.

### **Desa Damansara Phase 2 Condominium**

Desa Damansara Phase 2, an upmarket condominium with a clearly defined niche market, was officially launched in May 2000 and was well received. The development, consisting of 132 units of condominiums, is located at the prime residential area of Damansara Heights. The units of apartments are spacious in built up area with superior quality finishes and are enclaved in a securitized surrounding with natural landscaped garden and full recreational facilities. To-date about 61% of the units offered for sale are taken up. Construction works are moving according to schedule and targeted for completion in the first half of 2003. By virtue of its prestigious locality, sales opportunities are envisaged to pick up as soon as market conditions become favourable again.

### **Kundang Industrial Park**

The development of this 996 acres industrial estate in Rawang by our 50% owned associate company, Kundang Properties Sdn Bhd continued progressing well during the year. Various development works earmarked under the first phase of the development on 450 acres of land have been completed. 260 acres, which were developed into industrial lots as originally planned will be finalized soon and will be delivered to the purchasers by end April 2001 progressively. Development of the remaining 190 acres which were converted from industrial development into residential development is in progress and the sales launch of Phase 1A comprising of 141 units of single storey terrace houses and 127 units of double storey terrace houses is scheduled for the second quarter of Year 2001.

The conversion for the remaining 546 acres into residential and mixed development is still pending approval from the relevant authorities.

### **Federal Hills**

In the face of the depressed property market, the anticipated launch of the upmarket mixed residential development on an 18-acre piece of land in the exclusive enclave in Federal Hills in 2000 was withheld. Construction works for this exclusive residential development is now set to commence before the end of 2001. The development, comprising residential townhouses, bungalows, luxurious condominium and semi-detached houses will be built in stages. This development, with freehold titles and located in a choice residential district, is expected to be met with equal enthusiasm from the public.

## **HOTELS**

### **Renaissance Kuala Lumpur Hotel**

Year 2000 performance exceeded expectation with growth in market share by 1.4% and revenue above 1999 performance by 31%. Close monitoring and cautious trading coupled by a change in sales dynamics and strategies were among the tactics used to combat the market.

Despite a pick up in tourist arrivals, and although the business environment in Kuala Lumpur has improved, there is still an oversupply in room inventory. This has effectively softened opportunities for any rate increase.



Marketing the Renaissance Kuala Lumpur Hotel forcefully as one hotel since the beginning of last year has been successful as it provided the opportunities for room rate increase as well as targeting higher and lower yield business to offset slower business demand during festivals. Evident as recorded in the year 2000, we recorded 4% growth in the average room rate, a 14% increase in room occupancy and 93% increase of house profit over 1999.

Having created the demand last year, the business objectives of this year is to manage the market mix in an effort to increase revenue per available room and total house revenue. Our priority will be to strengthen and reinforce the corporate base for transient business, whilst volume business for wholesale and convention segment will be maintained with marginal increase in average rental.

### **Pan Pacific Resort Pangkor**

The Group's beach resort, Pan Pacific Resort Pangkor, achieved an increase in occupancy rates from 61.5% last year to 68.9% for year 2000. Whilst average room rate increased slightly to RM121, a total revenue increase of 9% was achieved.

The results of 2000 were achieved with aggressive pursuit of high volume business, which will evolve in 2001 to achieve growth in average room rate to maximize the return on the available rooms. Product improvement will focus on the quality and presentation of the existing facilities to ensure that the guest receives value for money that will be expected for the higher rates charged in year 2001.

The focus of the operation for Pan Pacific Resort Pangkor will be to implement defined management system to ensure consistency within all outlets and to ensure that the branding is a reflection of the quality resort that Pan Pacific is recognized for. Management will also continue to place great emphasis on launching innovative and creative 'value for money' packages while upgrading service quality.

### **St Giles Hotels**

Whilst the UK is currently enjoying a sustained period of relatively low inflation, low unemployment and sustained growth, this is tempered by the exchange rate versus both the US dollar and the other European currencies which has made the UK a relatively expensive destination for business and leisure travelers alike. Whilst the Far Eastern economic crisis has eased there are fears of a recession in the United States with the consequential effects in Europe and the rest of the world.

In the United Kingdom itself, GDP is up by 2.4% on the previous year; service sector output by 3.2%, average earnings by 4.2% and underlying inflation is running at 2%.

In the micro economy of London, hotel performance simmered compared with the previous year but all hotel sectors succeeded in maintaining a small yield growth. Tourist hotels produced occupancy levels in the low 80% at average rates of around £65 giving a yield of about 6% above last year. With inflation running at 2%-3%, this gives real growth.

#### **(a) St Giles London**

In the year 2000, total revenue was £14.7 million compared with the prior year's £14.4 million. Overall average achieved rate was £65.14 (£59.34 in 1999) at an overall occupancy of 80.8% (75.5% in 1999). However, this was on a reduced room inventory throughout the year due to the ongoing refurbishment project on Towers B & C such that rooms available in 2000 decreased by 18,500 versus the previous year. Despite





lower room inventory, total room revenues were higher at £12 million versus £11.2 million. This yielded GOP of £7.6 million (51.6%) versus £7.5 million (52.4%). From a trading perspective, the strategy has been to continue to maximize corporate business (mid-week) which displaces some leisure business so that the guest mix has changed from being predominantly leisure to predominantly corporate based with the resultant growth in the average rate. With the completion of the guestroom refurbishment project and the opening of the new meeting room suites, expectations for the year 2001 are sustained growth in the corporate market at an enhanced average rate.

(b) **St Giles Heathrow**

In the year 2000, with the implementation of aggressive marketing plan, better service delivery and increased awareness of the hotel, management has made a dramatic turnaround in hotel performance in achieving £4.7 million in total sales versus £1.5 million in the first year (8 months) of trading in 1999. Overall occupancy was 60.3% at an overall average rate of £52.72. GOP was £2.2 million against a pretax loss of £0.6 million in 1999. For the year 2001, the marketing initiative will be to continue to build corporate awareness of the hotel and build up average rate by improving the business mix.

**MiCasa Yangon**

The 143 rooms MiCasa Service Apartments in Yangon, Myanmar, owned by the Group's 30% associated company, recorded a significant improved results in its second year of operation despite the unfavourable market conditions. The average room rate was at USD34, same as in 1999, but average occupancy rate improved significantly to 58.9% compared to 41.3% in 1999. Operating revenue increased by 50% over last year, which contributes to a positive operating profit this year compared to an operating loss last year. However the depreciation cost and high interest cost has eroded the returns to the shareholders.

In the financial year 2001, the poor market condition is expected to continue with no significant increase in foreign investment and tourist arrival. Micasa Yangon is expected to improve its performance by fine-tuning its marketing strategies to ensure competitiveness in the Myanmar hotel market while placing a tight rein on overheads and other costs to maintain profitability.

**New World Saigon**

The performance of the New World Saigon in Ho Chi Minh City, Vietnam also showed an improvement over the comparable period in 1999 although the Vietnam market is still experiencing considerable slowdown due to low investment growth and the glut of hotel rooms. The better performance was achieved through a more focused and aggressive marketing and promotional efforts. Occupancy rate was 58.0% compared to 47.8% in 1999 whilst average room rate dropped slightly to USD49.9 compared to USD52.9 in 1999. Over the long term and with prudent and professional management, we trust that this hotel will contribute positively to the Group's performance.

**CONSTRUCTION**

IJM Corporation Berhad (IJM), the Group's 20.19% investment in the construction industry, posted a pretax profit of RM118.96 million (1999 : RM139.43 million) on the back of a turnover of RM615.85 million (1999 : RM549.6 million) for the year ended 31 December 2000.



Construction remained the mainstay of IJM and contributed 53.83% of its pretax profit. The achievement was helped by a conducive environment of lower interest rate, cheaper labour and material costs and more stringent cost control on the part of the management.

Notable projects completed during the year are the Putrajaya Hospital, Hampshire Park Condominiums, the 1st Silicon Semiconductor Plant, Colmar Village, Riana Green Phase 3, all in Malaysia, and the Mumbai-Pune Expressway project in India.

The other businesses of IJM, especially the plantation business was severely affected by weak crude palm oil (CPO) prices whilst the property development business was hampered by lower contribution from the Australian operation and deferred launches of several projects due to delayed planning approval.

The year 2001 is expected to be very challenging for IJM. Given the Government's expected pump priming of the economy and the commencement of the 8th Malaysian Plan to accelerate development spending, IJM would concentrate its efforts to secure more projects in Malaysia whilst also paying attention to the Indian market where it has carved a niche for itself. The properties division should see more new and innovative projects being launched in 2001. The government's efforts to stabilize the CPO prices would help to arrest the decline in the earnings of the plantation sector. Overall, IJM expects to turn in a reasonable result for year 2001.

## INVESTMENT HOLDING

For the financial year ended 31 December 2000, Ipoh Limited, a 20.6% associate, listed on the Australia Stock Exchange, reported a decrease in operating profit after tax of AUD20.1 million compared with AUD21.4 million achieved in the previous year reflecting the difficult trading environment in Australia.

Ipoh Limited's flagship shopping centre, the Queen Victoria Building (QVB), Sydney, again provided the basis for sound trading conditions for retailers within the centre. Gross rental income for QVB increased by 7.4% to AUD40.4 million despite the fact that year 2000 was a difficult year for many retailers due to rising interest rates, the burden of GST and slower-than-expected trading during the Olympics and Christmas periods.

The Strand Arcade in Sydney recorded its first full year profit contribution, and performed to expectations with rental income of AUD7.5 million.

The Galleries Victoria, a 15,000 square metre shopping centre, located at the corner of George, Park and Pitt Streets in Sydney, opposite the QVB, was completed in July 2000. Several tenancies remain to be leased with plans in place to substantially complete leasing by mid 2001. Progress has been slow on securing anchor tenants for the Galleries Victoria stores due to the difficult retail environment experienced during the second half of 2000.

The re-development and refurbishment of the Leigh Street in Adelaide, continued during the year and the leasing of The Old Bank Arcade and Chambers in Wellington, New Zealand continues with the retail portion now approximately 71% leased and the commercial portion 100%.



Hotel Ibis, in Pitt Street, Sydney, continues to perform well and achieves high occupancies. The Olympic period also provided excellent room rates along with high occupancy.

Construction of Stage 1 of the Exchange Project in Tianjin, China, in which Ipoh Limited owns 19.3%, comprises a retail podium, a commercial car park and a commercial tower. The retail podium and car park will open for trading late 2001 and the office tower construction will commence in the middle of this year.

Ipoh Limited successfully completed a AUD55.1 million capital raising at AUD1.50 per share in December 2000, the proceeds of which, were used to reduce gearing following the debt funded acquisitions of The Strand and The Galleries Victoria. The capital raising, together with conversion of 15% Convertible Notes at 31 December 2000, increased the number of shares on issue from 108,623,947 to 149,012,766 and, accordingly, had the effect of diluting the net tangible assets.

Ipoh Limited's established shopping centres, QVB and The Strand, should continue to perform strongly, barring any major economic downturn. As Ipoh Limited continues to position its newly opened retail centres, the Galleries Victoria and The Old Bank Arcade and Chambers, during 2001, along with the enlarged capital base, earnings per share for this year will be marginally lower than the previous year. The extent of this reduction is dependent upon the number of non-core asset sales to be completed this year.

Ipoh Limited's plan to take advantage of the proposed Trust legislation, allowing economical conversion from a Company to a Trust in 2001, was set back by the recent announcement by the Australian Government to defer the legislation. Ipoh Limited, however, will continue to investigate other restructuring options.

The Board of Ipoh Limited is confident that the group's operations will remain profitable for the current financial year 2001.

## CONCLUSION

The year under review had indeed been challenging and with the expected slowdown of the global economy in 2001, much more dedication, hardwork and commitment is expected of Management to ensure that the Group's performance in the current year remains satisfactory. To this end, we shall endeavour to do our utmost.

We would like to take this opportunity to record our sincere appreciation and thanks to our shareholders who have given us their continuous interest and support.

To our Chairman, Dato' Tan Chin Nam who shall not be seeking re-election at the forthcoming Annual General Meeting, thank you for your years of guidance. To our other fellow Directors who have resigned or are not seeking re-election, we place on record our appreciation and gratitude.

**Tan Boon Seng**  
**Robert Tan Chung Meng**  
**Joint Managing Directors**

**4 May 2001**



5 YEARS

## GROUP FINANCIAL HIGHLIGHTS

		1996	1997	1998	1999	2000
TURNOVER :						
IGB Corporation Berhad and subsidiaries	RM'000	191,932	112,432	77,217	131,068	312,505
Share of turnover of associated companies	RM'000	641,463	535,457	384,413	390,132	279,395
TOTAL	RM'000	833,395	647,889	461,630	521,200	591,900
PROFIT BEFORE TAXATION	RM'000	155,658	124,383	16,510	32,310	45,951
EARNINGS FOR THE YEAR	RM'000	124,807	99,965	5,890	25,919	21,562
EXTRAORDINARY ITEMS	RM'000	6,347	-	-	-	-
PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS						
	RM'000	131,154	99,965	5,890	25,919	21,562
ISSUED SHARE CAPITAL (RM0.50)						
	RM'000	236,532	237,116	237,117	296,397	296,977
SHAREHOLDERS' FUNDS	RM'000	975,634	1,082,010	1,079,434	1,223,353	1,234,933
TOTAL ASSETS	RM'000	1,317,149	1,731,435	1,965,540	2,210,784	2,072,933
EARNINGS PER SHARE*	sen	26.4	21.1	1.2	5.2	3.6
NET TANGIBLE ASSET PER SHARE						
	RM	2.1	2.3	2.3	2.1	2.1
GROSS DIVIDENDS PER SHARE						
	sen	5.0	5.0	1.0	1.0	2.5
DIVIDEND RATE	%	10.0	10.0	2.0	2.0	5.0

\* Based on weighted average number of shares in issue during the year

**SHARE CAPITAL**

Authorised Share Capital	:	RM1,000,000,000
Issued and Paid-Up Capital	:	RM296,976,536
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One vote per Ordinary Share

**DISTRIBUTION OF SHAREHOLDINGS**

Range of Shareholdings	Number of Shareholders	Number of Shares	Percentage of Issued Capital
Less than 1,000	585	272,972	0.05
1,000 to 10,000	19,798	68,030,294	11.45
10,001 to 100,000	2,376	58,626,953	9.87
100,001 to less than 5% of issued shares	172	263,599,142	44.38
5% and above of issued shares	3	203,423,711	34.25
Total	22,934	593,953,072	100.00

**REGISTER OF SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees)**

		Number of Shares		Percentage of Issued Capital
		Percentage of Issued Capital	Deemed	
	Direct			
1. Tan & Tan Developments Berhad	146,867,702	24.73	18,000,000	3.03
2. Multistock Sdn Bhd	18,000,000	3.03	-	-
3. Amanah Raya Nominees (Tempatan) Sdn Bhd	81,000,000	13.64	-	-
- Skim Amanah Saham Bumiputera				
4. Permodalan Nasional Berhad	14,404,999	2.43	-	-
5. Yayasan Pelaburan Bumiputra	-	-	14,404,999	2.43
6. IJM Corporation Berhad	24,735,000	4.16	1,998,750	0.34
7. Insas Berhad	-	-	44,277,000	7.45
8. Montego Assets Limited	29,243,500	4.92	-	-
9. Insas Plaza Sdn Bhd	15,033,500	2.53	-	-
10. Dato' Tan Chin Nam	2,463,750	0.41	205,298,771	34.56
11. Robert Tan Chung Meng	186,000	0.03	203,946,771	34.34
12. Pauline Tan Suat Ming	78,125	0.01	177,204,369	29.83
13. Employees Provident Fund Board	28,201,750	4.75	4,171,325	0.70
14. Tan Chin Nam Sdn Bhd	4,200,250	0.71	176,284,119	29.68
15. Tan Kim Yeow Sdn Bhd	1,837,000	0.31	175,367,369	29.53
16. Wah Seong (Malaya) Trading Co. Sdn Bhd	3,263,887	0.55	171,092,232	28.81
17. Tony Tan Choon Keat	-	-	177,204,369	29.83

## THIRTY LARGEST SHAREHOLDERS

	Number of Shares	Percentage of Issued Capital
1. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	81,000,000	13.64
2. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan & Tan Developments Berhad	70,787,461	11.92
3. Citicorp Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan & Tan Developments Berhad	51,636,250	8.69
4. Employees Provident Fund Board	28,101,750	4.73
5. IJM Corporation Berhad	24,735,000	4.16
6. Tan & Tan Developments Berhad	24,443,991	4.12
7. Multistock Sdn Bhd	18,000,000	3.03
8. Insas Plaza Sdn Bhd	15,033,500	2.53
9. Permodalan Nasional Berhad	14,404,999	2.43
10. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (MLF)	11,130,000	1.87
11. M&A Nominee (Asing) Sdn Bhd - M&A Securities (HK) Ltd for M&A Investments Pte Ltd	10,000,000	1.68
12. HSBC Nominees (Asing) Sdn Bhd - HIG SG for Kenderlay Ltd	7,912,000	1.33
13. M&A Nominee (Asing) Sdn Bhd - M&A Securities (HK) Ltd for M&A Investments International Limited	7,000,000	1.18
14. M&A Nominee (Asing) Sdn Bhd - M&A Securities (HK) Ltd for Dawnfield Pte Ltd	6,500,000	1.09
15. M&A Nominee (Asing) Sdn Bhd - M&A Securities (HK) Ltd for Pedigree Limited	4,153,000	0.70
16. M&A Nominee (Asing) Sdn Bhd - M&A Securities (HK) Ltd for Montego Assets Limited	4,088,500	0.69
17. Tan Chin Nam Sdn Bhd	3,959,000	0.67
18. SLW Sdn Bhd	3,936,458	0.66
19. Hwang-DBS Custodian Nominees (Asing) Sdn Bhd - DBS Bank for Timbarra Services Limited	3,687,500	0.62
20. SPI Pte Ltd	3,492,500	0.59
21. Multi-Purpose Bank Nominees (Tempatan) Sdn Bhd - PHEIM Asset Management Sdn Bhd for Employees Provident Fund Board	3,482,000	0.59
22. Pertubuhan Keselamatan Sosial	3,014,582	0.51
23. HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for GMO Emerging Markets Fund	2,821,625	0.48
24. Wah Seong (Malaya) Trading Co. Sdn Bhd	2,800,137	0.47
25. Wah Seong Enterprises Sdn Bhd	2,561,405	0.43
26. BBL Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Dato' Tan Chin Nam (100171)	2,413,750	0.41
27. Tentang Emas Sdn Bhd	2,357,500	0.40
28. Eng Nominees (Asing) Sdn Bhd - OCBC Securities (2001) Private Limited for Hexacon Construction Pte Ltd	1,998,750	0.34
29. Scanstell Sdn Bhd	1,928,000	0.32
30. Tan Kim Yeow Sdn Bhd	1,837,000	0.31

**WARRANTS 1999/2004**

Issued	:	RM118,558,714
Outstanding	:	RM118,558,214

**DISTRIBUTION OF WARRANTHOLDINGS**

Range of Warrantholdings	Number of Warrantholders	Number of Warrants	Percentage of Outstanding Warrants
Less than 1,000	725	321,828	0.27
1,000 to 10,000	7,598	22,028,965	18.58
10,001 to 100,000	827	22,253,546	18.77
100,001 to less than 5% of outstanding warrants	63	36,941,875	31.16
5% and above of outstanding warrants	2	37,012,000	31.22
Total	9,215	118,558,214	100.00

**THIRTY LARGEST WARRANTHOLDERS**

	Number of Warrants	Percentage of Outstanding Warrants
1. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan & Tan Developments Berhad	23,372,000	19.71
2. Citicorp Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan & Tan Developments Berhad	13,640,000	11.50
3. Multistock Sdn Bhd	5,265,000	4.44
4. IJM Corporation Berhad	4,947,000	4.17
5. Employees Provident Fund Board	2,716,750	2.29
6. Wah Seong (Malaya) Trading Co. Sdn Bhd	2,408,137	2.03
7. HSBC Nominees (Asing) Sdn Bhd - HIB SG for Kenderlay Ltd	2,312,000	1.95
8. Tan Chin Nam Sdn Bhd	2,234,000	1.88
9. Chan Boon Hwee	1,800,000	1.52
10. Tan Chin Nam	1,282,750	1.08
11. Tan Kim Yeow Sdn Bhd	1,169,000	0.99
12. SLW Sdn Bhd	787,291	0.66
13. Hwang-DBS Custodian Nominees (Asing) Sdn Bhd - DBS Bank for Timbarra Services Limited	748,500	0.63
14. SPI Pte Ltd	698,500	0.59
15. Wah Seong Enterprises Sdn Bhd	512,281	0.43
16. Tentang Emas Sdn Bhd	471,500	0.40
17. Citicorp Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Geok Siew (470922)	433,000	0.37
18. Scanstell Sdn Bhd	386,000	0.33
19. Pertubuhan Keselamatan Sosial	362,916	0.31
20. Hong Leong Finance Berhad - Pledged Securities Account for Soin Chee Hong	350,000	0.30



## ANALYSIS OF

### WARRANTHOLDINGS as at 30 March 2001

	<b>Number of Warrants</b>	<b>Percentage of Outstanding Warrants</b>
21. Universal Trustee (Malaysia) Berhad - BHLB Pacific High Growth Fund	318,000	0.27
22. Citicorp Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Chee Keong (470235)	316,000	0.27
23. Eng Nominess (Asing) Sdn Bhd - OCBC Securities (2001) Private Limited for Hexacon Construction Pte Ltd	311,750	0.26
24. Richard Teh Lip Heong	311,250	0.26
25. Malaysia Nominees (Tempatan) Sendirian Berhad - Malaysian Trustees Berhad for Multi-Purpose Vision Fund (00-10033-0000)	300,000	0.25
26. HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for GMO Emerging Markets Fund	288,125	0.24
27. Botly Nominees (Asing) Sdn Bhd - Fleet Investments Management Limited	272,000	0.23
28. Botly Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Loh Tuck Moon	270,000	0.23
29. Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund TC45 for California State Teachers Retirement System	223,250	0.19
30. Teh Hoo Kim	218,000	0.18



## ANALYSIS OF

### TRANSFERABLE SUBSCRIPTION RIGHTS HOLDINGS (TSRs) as at 30 MARCH 2001

#### TSRs 1993/2001

Issued	:	RM123,527,657
Outstanding	:	RM123,527,657

#### DISTRIBUTION OF TRANSFERABLE SUBSCRIPTION RIGHTS HOLDINGS

Range of TSR Holdings	Number of TSR Holders	Number of TSRs	Percentage of Outstanding TSRs
Less than 1,000	2,693	1,247,942	1.01
1,000 to 10,000	7,722	24,726,724	20.02
10,001 to 100,000	1,669	39,905,654	32.31
100,001 to less than 5% of outstanding TSRs	102	29,709,787	24.05
5% and above of outstanding TSRs	2	27,937,550	22.62
Total	12,188	123,527,657	100.00

#### THIRTY LARGEST TRANSFERABLE SUBSCRIPTION RIGHTS HOLDERS

	Number of TSRs	Percentage of TSRs
1. Permodalan Nasional Berhad	15,292,814	12.38
2. Wah Seong (Malaya) Trading Co. Sdn Bhd	12,644,736	10.24
3. Wah Seong Enterprises Sdn Bhd	1,726,915	1.40
4. Tan Kim Yeow Sdn Bhd	1,661,833	1.35
5. Multistock Sdn Bhd	1,404,271	1.14
6. Pak Liew Mei	1,400,624	1.13
7. Menteri Kewangan Malaysia - Section 29 (SICDA)	1,188,981	0.96
8. RHB Nominees (Asing) Sdn Bhd - RHB-Cathay Securities Pte Ltd for HK 28 Limited	1,070,941	0.87
9. Mayban Securities Nominees (Asing) Sdn Bhd - OCBC Securities Private Limited for Yap Chong Beng	1,024,355	0.83
10. The Central Depository (Pte) Limited	902,953	0.73
11. RHB Nominees (Asing) Sdn Bhd - RHB-Cathay Securities Pte Ltd for Tan Yean Pau	757,690	0.61
12. Wong Chon Shuan	610,000	0.49
13. Cheah Kuan Ying	566,000	0.46
14. Lim Kee Yek	531,121	0.43
15. Pak Cheow Koon Jason	501,000	0.41
16. Mayban Securities Nominees (Asing) Sdn Bhd - J M Sassoon & Co (Pte) Ltd for Law Gim Chong @ Law Gim Hong	487,813	0.39
17. Ting Keng Guan	475,000	0.38
18. HLG Nominee (Tempatan) Sdn Bhd - Hong Leong Bank Bhd for Woon Hin Loong	450,000	0.36
19. Eng Nominees (Asing) Sdn Bhd - Ong & Co Pte Ltd for Lee Buay Tiang	449,259	0.36



## ANALYSIS OF

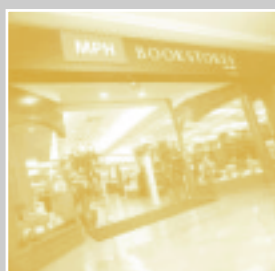
### TRANSFERABLE SUBSCRIPTION RIGHTS HOLDINGS (TSRs) as at 30 MARCH 2001

	<b>Number of TSRs</b>	<b>Percentage of TSRs</b>
20. IJM Corporation Berhad	446,582	0.36
21. Arab-Malaysian Finance Berhad	434,802	0.35
- Pledged Securities Account for Gan Eng Kwong (SMART)		
22. RHB Capital Nominees (Tempatan) Sdn Bhd	373,069	0.30
- Pledged Securities Account for Yu Soon Teck (CEB)		
23. Alliedban Nominees (Tempatan) Sdn Bhd	350,000	0.28
- Pledged Securities Account for Lim Geok Siew (338AB3656)		
24. Ch'ng Gim Chew	319,461	0.26
25. Citicorp Nominees (Tempatan) Sdn Bhd	286,000	0.23
- Pledged Securities Account for Lim Geok Siew (470922)		
26. Chin Hai Yiap	280,000	0.23
27. Tan Han Seng	271,570	0.22
28. Ke-zan Nominees (Asing) Sdn Bhd	267,735	0.22
- Kim Eng Securities (Private) Limited for Law Peng Kwee		
29. Citicorp Nominees (Tempatan) Sdn Bhd	252,000	0.20
- Pledged Securities Account for Lee Chee Keong (470235)		
30. Straits Nominees (Asing) Sdn Bhd	246,316	0.20
- GK Goh SPL for Ng Siew Choo (SG/308203)		



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The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2000.

### **Principal activities and corporate information**

The principal activities of the Company during the financial year are those of investment holding and property development. The principal activities of the subsidiary and associated companies are set out on pages 63 and 65. There have been no significant changes in the nature of these activities during the financial year.

The number of employees at the end of the financial year amounted to 796 (1999: 763) employees in the Group and 48 (1999: 39) employees in the Company.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The address of the registered office of the Company is as follows:-

Penthouse, Menara IGB  
No. 1, The Boulevard, Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

### **Financial results**

	<b>Group RM '000</b>	<b>Company RM '000</b>
Profit after taxation	21,894	33,326
Minority interests	(332)	-
Net profit attributable to shareholders	<u>21,562</u>	<u>33,326</u>

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 4 to the financial statements.

### **Dividends**

Dividends paid, declared or proposed since the end of the Company's previous financial year are as follows:

	<b>RM '000</b>
(a) In respect of the financial year ended 31 December 1999 as proposed in the Directors' report for that financial year, a first and final dividend of 2% (tax exempt) paid on 30 June 2000	<u>5,928</u>
(b) In respect of the financial year ended 31 December 2000, a proposed first and final dividend of 5% less tax at 28%	<u>10,691</u>

### Movements on reserve and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

### Share capital

During the financial year, the Company's issued and fully paid-up share capital was increased from RM296,396,786 to RM296,976,536 by way of:

- (i) an issue of 1,159,000 new ordinary shares of RM0.50 each for cash on the exercise of options pursuant to the Employees' share option scheme at an issue price of RM1.23 each; and
- (ii) an issue of 500 new ordinary shares of RM0.50 each for cash on the exercise of warrants at an exercise price of RM1.50 each.

The newly issued shares rank pari passu in all respects with the existing issued shares of the Company.

### Employees' share option scheme (ESOS)

The ESOS, which expired on 4 November 1997, has been extended for a period of five years. The main features of the ESOS are as follows:

- (a) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee, appointed by the Board of Directors;
- (b) The total number of ordinary shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of the Company at any point of time during the existence of the ESOS which shall be in force for an extended period of five years expiring on 4 November 2002;
- (c) The number of shares under options or option price or both so far as the option remain unexercised shall be adjusted following any issue of additional shares in the issued share capital of the Company by way of rights issue, capitalisation of profits or reserves or any sub-division and consolidation of the Company's shares;
- (d) The option price at which the employees are offered to take up shares under the ESOS is the average of the mean market quotation of the shares of the Company as quoted in the Daily Official list issued by the Kuala Lumpur Stock Exchange for the five market days preceding the respective dates of offer of the options, or the par value of the shares of the Company of RM0.50, whichever is higher; and
- (e) The persons to whom the options have been granted have no right to participate by virtue of the options in any shares issue of any other company.

As at 31 December 2000, options granted to subscribe for ordinary shares of RM0.50 each which have yet to be exercised are as follows:

<u>Exercise price</u>	<u>Number of options granted and unexercised</u>
RM1.23	3,929,000
RM1.86	132,000
RM2.02	32,000
RM2.27	63,000
RM2.51	455,000
RM2.56	48,000
	<u>4,659,000</u>

**Directors**

The Directors in office since the date of the last report are:

Dato' Tan Chin Nam  
Tan Boon Seng  
Robert Tan Chung Meng  
Tan Boon Gark  
Lai Meng  
Tan Sri Abu Talib Bin Othman  
Dato' Seri Khalid Ahmad Bin Sulaiman  
Abdul Samad Bin Haji Alias  
Chong Kim Weng  
Chua Seng Yong (alternate to Robert Tan Chung Meng)  
Osman Bin Haji Ismail (appointed on 4 January 2001)  
Mihir Kumar Sen s/o Subodh Chandra Sen (resigned on 28 March 2001)  
Ibrahim Bin Awang (resigned on 4 January 2001)  
Lim Cheng Ean (alternate to Ibrahim Bin Awang) (resigned on 4 January 2001)

Osman bin Haji Ismail, the Director retiring pursuant to Article 89 of the Company's Articles of Association and being eligible, offers himself for re-election.

Dato' Tan Chin Nam, who has reached 75 years of age will not be seeking re-appointment at the forthcoming Annual General Meeting.

In accordance with Article 85 of the Company's Articles of Association, Encik Abdul Samad bin Haji Alias and Mr Chong Kim Weng will retire by rotation at the forthcoming Annual General Meeting, Encik Samad, being eligible, offers himself for re-election. However, Mr Chong has expressed his wish not to stand for re-election to the Board at the forthcoming Annual General Meeting.

**Directors' interests**

According to the Register of Directors' Shareholdings, particulars of interests in the shares, warrants, Transferable Subscription Rights ("TSRs") and share options of the Company during the financial year of those Directors holding office at the end of the financial year are as follows:

<b><u>In the Company</u></b>	<b><u>Number of Ordinary Shares of RM0.50 each</u></b>			
	<b>1 January</b>	<b>Addition</b>	<b>Disposal</b>	<b>31 December</b>
Dato' Tan Chin Nam				
Direct	2,463,750	-	-	<b>2,463,750</b>
Indirect	205,408,771	-	110,000	<b>205,298,771</b>
Tan Boon Seng				
Direct	9,375	-	-	<b>9,375</b>
Robert Tan Chung Meng				
Direct	186,000	-	-	<b>186,000</b>
Indirect	204,056,771	-	110,000	<b>203,946,771</b>
Tan Boon Gark				
Direct	219,000	-	-	<b>219,000</b>
Dato' Seri Khalid Ahmad Bin Sulaiman				
Indirect	125,250	-	-	<b>125,250</b>

**In the Company**

	<b>Number of Ordinary Shares of RM0.50 each</b>			
	<b>1 January</b>	<b>Addition</b>	<b>Disposal</b>	<b>31 December</b>
Mihir Kumar Sen s/o Subodh Chandra Sen Indirect	250,000	-	-	<b>250,000</b>
Chua Seng Yong Direct	55,000	-	55,000	-

**In the Company**

	<b>Number of Warrants</b>			
	<b>1 January</b>	<b>Addition</b>	<b>Disposal/ Exercised</b>	<b>31 December</b>
Dato' Tan Chin Nam Direct	1,282,750	-	-	<b>1,282,750</b>
Indirect	53,675,523	-	110,000	<b>53,565,523</b>
Tan Boon Seng Direct	1,875	-	-	<b>1,875</b>
Robert Tan Chung Meng Direct	156,000	-	-	<b>156,000</b>
Indirect	52,764,523	-	110,000	<b>52,654,523</b>
Tan Boon Gark Direct	50,000	-	30,000	<b>20,000</b>
Mihir Kumar Sen s/o Subodh Chandra Sen Indirect	50,000	-	-	<b>50,000</b>
Chua Seng Yong Direct	55,000	-	55,000	-

**In the Company**

	<b>Number of Transferable Subscription Rights ("TSRs")</b>			
	<b>1 January</b>	<b>Addition</b>	<b>Disposal/ Exercised</b>	<b>31 December</b>
Dato' Tan Chin Nam Direct	146,986	-	-	<b>146,986</b>
Indirect	18,769,736	-	1,875,793	<b>16,893,943</b>
Tan Boon Seng Direct	803	-	-	<b>803</b>
Robert Tan Chung Meng Direct	5,354	-	-	<b>5,354</b>
Indirect	18,545,373	-	-	<b>18,545,373</b>
Mihir Kumar Sen s/o Subodh Chandra Sen Indirect	53,547	-	-	<b>53,547</b>

**In the Company**

	<b>Number of options (ESOS) over ordinary shares of RM0.50 each</b>			
	<b>1 January</b>	<b>Granted</b>	<b>Exercised</b>	<b>31 December</b>
Robert Tan Chung Meng	500,000	-	-	<b>500,000</b>
Lai Meng	70,000	-	-	<b>70,000</b>
Chua Seng Yong	80,000	5,000	-	<b>85,000</b>

Other than as disclosed above, none of the other Directors holding office at the end of the financial year held any interests in the shares, warrants, TSRs and share options of the Company or its related corporations during the financial year.



**Directors' benefit**

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the fees and other emoluments paid as shown in notes 4 and 5 to the financial statements) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Except as disclosed above, neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement whose object was to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

**Other statutory information**

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain the action taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off or provided for bad and doubtful debts of the Group and of the Company inadequate to any substantial extent or the values attributed to current assets of the Group and of the Company misleading; and
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or other event of a material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (b) no charge has arisen on the assets of any company in the Group which secures the liability of any other person nor has any contingent liability arisen in any company in the Group.

No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.



### **Auditors**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 23 April 2001.

### **Robert Tan Chung Meng**

Joint Managing Director

### **Abdul Samad Bin Haji Alias**

Director

Kuala Lumpur

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2000

		Group		Company	
	Note	2000	1999	2000	1999
		RM'000	RM'000	RM'000	RM'000
Revenue	3	<b>312,505</b>	131,068	<b>27,218</b>	68,613
Cost of sales		<b>(236,725)</b>	(80,816)	<b>(4,107)</b>	(34,519)
Gross profit		<b>75,780</b>	50,252	<b>23,111</b>	34,094
Other operating income		<b>21,842</b>	36,292	<b>47,190</b>	15,093
Administrative expenses		<b>(32,917)</b>	(9,529)	<b>(1,702)</b>	(1,605)
Other operating expenses		<b>(24,631)</b>	(24,309)	<b>(12,169)</b>	(6,412)
Profit from operations	4	<b>40,074</b>	52,706	<b>56,430</b>	41,170
Finance costs	6	<b>(44,445)</b>	(56,650)	<b>(11,482)</b>	(25,997)
Share of results of associated companies		<b>50,322</b>	36,254	-	-
Profit from ordinary activities before taxation		<b>45,951</b>	32,310	<b>44,948</b>	15,173
Taxation:					
Company and subsidiary companies		<b>(9,807)</b>	(450)	<b>(11,622)</b>	53
Associated companies		<b>(14,250)</b>	(11,003)	-	-
	7	<b>(24,057)</b>	(11,453)	<b>(11,622)</b>	53
Profit from ordinary activities after taxation		<b>21,894</b>	20,857	<b>33,326</b>	15,226
Minority interests		<b>(332)</b>	5,062	-	-
Net profit attributable to shareholders		<b>21,562</b>	25,919	<b>33,326</b>	15,226
Earnings per share (sen)	9				
- basic		<b>3.63</b>	5.18		
- diluted		<b>Anti-dilutive</b>	Anti-dilutive		
Dividends per share (sen)		<b>2.50</b>	1.00	<b>2.50</b>	1.00

The above income statements are to be read in conjunction with the notes to the financial statements on pages 40 - 62.

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# BALANCE SHEETS

AS AT 31 DECEMBER 2000

		Group		Company	
	Note	2000	1999	2000	1999
		RM'000	RM'000	RM'000	RM'000
<b>Capital and reserves</b>					
Share capital	10	296,977	296,397	296,977	296,397
Share premium		252,582	251,736	252,582	251,736
Revaluation and other reserves	11	63,336	71,293	29,258	36,498
Retained earnings	12	622,038	603,927	440,803	410,928
<b>Shareholders' equity</b>		<b>1,234,933</b>	<b>1,223,353</b>	<b>1,019,620</b>	<b>995,559</b>
Minority interests		21,170	20,838	-	-
<b>Non current liabilities</b>					
Term loans	13	122,916	219,622	122,916	219,622
Murabahah Underwritten					
Notes and Syndicated					
Fixed Rate Loan	14	379,500	366,500	-	-
Deferred taxation	15	2,361	2,361	2,300	2,300
		<b>1,760,880</b>	<b>1,832,674</b>	<b>1,144,836</b>	<b>1,217,481</b>
Represented by:					
<b>Non current assets</b>					
Property, plant and equipment	16	802,904	750,891	1,959	2,238
Real property assets		47,397	-	38,086	-
Hotel properties	17	85,932	62,199	-	-
Subsidiary companies	18	-	-	292,439	292,439
Associated companies	19	600,428	593,237	295,163	296,638
Other investments	20	97,085	108,755	2,900	2,900
Deferred expenditure		-	261	-	-
<b>Current assets</b>					
Development properties and expenditure	21	130,657	267,522	-	38,086
Inventories	22	69,859	41,563	37,348	40,817
Marketable securities	23	16,819	16,819	13,565	13,565
Trade and other receivables	24	71,944	59,788	20,476	33,537
Amount owing by subsidiary companies	25	-	-	688,251	653,023
Amount owing by associated companies	26	131,911	136,675	70,320	108,192
Deposits with licensed banks		11,722	157,460	-	152,100
Cash and bank balances	29	6,275	15,614	727	6,853
		<b>439,187</b>	<b>695,441</b>	<b>830,687</b>	<b>1,046,173</b>

# BALANCE SHEETS

AS AT 31 DECEMBER 2000 (continued)

		Group		Company	
	Note	2000	1999	2000	1999
		RM'000	RM'000	RM'000	RM'000
<b>Less: Current liabilities</b>					
Trade and other payables	27	<b>191,592</b>	265,602	<b>63,157</b>	84,850
Amount owing to subsidiary companies	25	-	-	<b>192,569</b>	260,925
Amount owing to associated companies	26	<b>38,779</b>	13,444	<b>13,925</b>	13,444
Bank borrowings	28	<b>64,260</b>	82,298	<b>36,692</b>	57,298
Taxation		<b>6,731</b>	10,838	<b>(636)</b>	462
Proposed dividends		<b>10,691</b>	5,928	<b>10,691</b>	5,928
		<b>312,053</b>	378,110	<b>316,398</b>	422,907
<b>Net current assets</b>		<b>127,134</b>	317,331	<b>514,289</b>	623,266
		<b>1,760,880</b>	1,832,674	<b>1,144,836</b>	1,217,481

The above balance sheets are to be read in conjunction with the notes to the financial statements on pages 40 - 62.

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# CONSOLIDATED STATEMENT

## OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2000

Group	Note	Issued and fully paid ordinary shares of RM0.50 each		Non-distributable		Distributable		Total
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation and other reserves RM'000	Gain on sale of investments RM'000	Retained earnings RM'000	
At 1 January 1999		474,235	237,117	187,509	63,632	7,240	583,936	1,079,434
Net profit		-	-	-	-	-	25,919	25,919
Dividends	8	-	-	-	-	-	(5,928)	(5,928)
Issue of shares:								
Rights Issue		118,559	59,280	65,207	-	-	-	124,487
Exercise of Transferable Subscription Rights ("TSRs")		*	*	*	-	-	-	*
Rights Issue expenses		-	-	(980)	-	-	-	(980)
Currency translation differences	11	-	-	-	421	-	-	421
At 31 December 1999		592,794	296,397	251,736	64,053	7,240	603,927	1,223,353
At 1 January 2000		592,794	296,397	251,736	64,053	7,240	603,927	1,223,353
Reclassification +		-	-	-	-	(7,240)	7,240	-
Net profit		-	-	-	-	-	21,562	21,562
Dividends	8	-	-	-	-	-	(10,691)	(10,691)
Issue of shares:								
Exercise of ESOS share options		1,159	580	846	-	-	-	1,426
Exercise of warrants		**	**	**	-	-	-	**
Currency translation differences	11	-	-	-	(717)	-	-	(717)
At 31 December 2000		593,953	296,977	252,582	63,336	-	622,038	1,234,933

+ The distributable reserve-gain on sale of investments of RM7,240,000 was reclassified to retained earnings during the financial year as the Directors are of the opinion that no separate distributable reserve, other than retained earnings, is required to be maintained.

\* An issue of 250 new ordinary shares of RM0.50 each for cash on the exercise of TSRs at an exercise price of RM1.70 each. Share capital and share premium arising from this share issue amounted to RM125 and RM300 respectively.

\*\* An issue of 500 new ordinary shares of RM0.50 each for cash on the exercise of warrants at an exercise price of RM1.50 each. Share capital and share premium arising from this share issue amounted to RM250 and RM500 respectively.

The above consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements on pages 41 - 63.

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# COMPANY STATEMENT OF

## CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2000

		<b>Issued and fully paid ordinary shares of RM0.50 each</b>		<b>Non-distributable</b>		<b>Distributable</b>		
	<b>Note</b>	<b>Number of shares '000</b>	<b>Nominal value RM'000</b>	<b>Share premium RM'000</b>	<b>Revaluation reserve RM'000</b>	<b>Gain on sale of investments RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total RM'000</b>
<b>Company</b>								
At 1 January 1999		474,235	237,117	187,509	29,258	7,240	401,630	862,754
Net profit		-	-	-	-	-	15,226	15,226
Dividends	8	-	-	-	-	-	(5,928)	(5,928)
Issue of shares:								
Rights Issue		118,559	59,280	65,207	-	-	-	124,487
Exercise of Transferable Subscription Rights ("TSRs")		*	*	*	-	-	-	*
Rights Issue expenses		-	-	(980)	-	-	-	(980)
At 31 December 1999		592,794	296,397	251,736	29,258	7,240	410,928	995,559
At 1 January 2000		<b>592,794</b>	<b>296,397</b>	<b>251,736</b>	<b>29,258</b>	<b>7,240</b>	<b>410,928</b>	<b>995,559</b>
Reclassification +		-	-	-	-	(7,240)	7,240	-
Net profit		-	-	-	-	-	33,326	33,326
Dividends	8	-	-	-	-	-	(10,691)	(10,691)
Issue of shares:								
Exercise of ESOS share options		1,159	580	846	-	-	-	1,426
Exercise of warrants		**	**	**	-	-	-	**
At 31 December 2000		<b>593,953</b>	<b>296,977</b>	<b>252,582</b>	<b>29,258</b>	<b>-</b>	<b>440,803</b>	<b>1,019,620</b>

+ The distributable reserve-gain on sale of investments of RM7,240,000 was reclassified to retained earnings during the financial year as the Directors are of the opinion that no separate distributable reserve, other than retained earnings, is required to be maintained.

\* An issue of 250 new ordinary shares of RM0.50 each for cash on the exercise of TSRs at an exercise price of RM1.70 each. Share capital and share premium arising from this share issue amounted to RM125 and RM300 respectively.

\*\* An issue of 500 new ordinary shares of RM0.50 each for cash on the exercise of warrants at an exercise price of RM1.50 each. Share capital and share premium arising from this share issue amounted to RM250 and RM500 respectively.

The above Company statement of changes in equity is to be read in conjunction with the notes to the financial statements on pages 40 - 62.

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# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2000

Note	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
<b>Operating activities</b>				
Receipts from customers	299,713	182,682	60,811	80,523
Payments to contractors, suppliers and employees	(269,801)	(109,292)	(85,683)	(27,279)
Cash flow from/(used in) operations	29,912	73,390	(24,872)	53,244
Interest paid	(30,162)	(50,951)	(3,181)	(18,428)
Income taxes paid	(13,785)	(8,280)	(6,345)	(5,099)
Net cash (used in)/ generated from operating activities	(14,035)	14,159	(34,398)	29,717
<b>Investing activities</b>				
Proceeds from sale of shares in an associated company	19,044	-	19,044	-
Proceeds from sale of investments	-	336	-	-
Interest received	4,760	13,577	4,657	11,566
Purchase of property, plant and equipment and hotel properties	(105,407)	(212,270)	(205)	(259)
Proceeds from sale of property, plant and equipment	55	427	-	250
Investment in subsidiary companies	-	-	-	(62)
Investment in associated companies	(4,815)	(1,254)	(4,815)	-
Dividends received from associated companies	15,667	13,407	11,269	11,219
Dividends received from investments	917	928	330	55
Repayment to subsidiary companies	-	-	(68,357)	(954)
Advances to subsidiary companies	-	-	(6,106)	(97,990)
Repayment from associated companies	68,671	43,040	68,671	43,040
Advances to associated companies	(51,581)	(59,890)	(30,798)	(40,916)
Advances from associated companies	13,825	12,649	1,296	-
Repayment to associated companies	(816)	(1,126)	(816)	(1,126)
Net cash used in investing activities	(39,680)	(190,176)	(5,830)	(75,177)
<b>Financing activities</b>				
Proceeds from shares issued by the Company	1,426	123,507	1,426	123,507
Proceeds from shares issued to minority interests	-	40	-	-
Repayment of bank borrowings	(134,032)	(115,110)	(135,097)	-
Receipt of bank borrowings	23,000	211,200	10,000	126,027
Dividends paid	(5,928)	(3,414)	(5,928)	(3,414)
Advances from a related party	14,000	-	14,000	-
Net cash (used in)/generated from financing activities	(101,534)	216,223	(115,599)	131,120
Foreign currencies exchange difference on opening balances	3	9	-	-
<b>Net increase/(decrease) in cash and cash equivalents during the financial year</b>	(155,246)	40,215	(155,827)	85,660
Cash and cash equivalents at beginning of financial year	167,672	127,457	153,551	67,891
<b>Cash and cash equivalents at end of financial year</b>	29	167,672	(2,276)	153,551

The above cash flow statements are to be read in conjunction with the notes to the financial statements on pages 40 - 62.

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**1. Principal activities**

The principal activities of the Company during the financial year are those of investment holding and property development. The principal activities of the subsidiary and associated companies are set out on pages 63 and 65. There have been no significant changes in the nature of these activities during the financial year.

**2. Summary of significant accounting policies**

The following accounting policies have been used consistently in dealing with items considered material in relation to the financial statements:

**(a) Basis of preparation of the financial statements**

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified by the revaluation of certain property, plant and equipment, hotel properties and certain investments in associated companies.

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved Accounting Standards in Malaysia.

**(b) Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of their disposal. Inter-company transactions are eliminated on consolidation and consolidated financial statements reflect external transactions only.

**(c) Goodwill on consolidation**

Goodwill or capital reserve arising on consolidation represents the excess or deficit of purchase price over the fair value of the net assets of subsidiary companies at the date of acquisition. Goodwill or capital reserve arising on consolidation is written off against reserves.

**(d) Subsidiary companies**

Investments in subsidiary companies are stated at cost. A provision is made when the Directors are of the opinion that there is a permanent diminution in the value of the investments.

**(e) Associated companies**

The Group treats as associated companies those companies in which a long term equity interest of between 20 to 50 percent is held and where the Group exercises significant influence through management participation.

Investments in associated companies are stated at cost or valuation. A provision is made when the Directors are of the opinion that there is a permanent diminution in the value of the investments.



The Group's share of profits less losses of associated companies is included in the consolidated income statement and the Group's share of post-acquisition retained profits and reserves are added to the cost or valuation of investments in the consolidated balance sheet. These amounts are taken from the latest audited financial statements of associated companies with the same financial year end as the Company and where the financial year ends are not coterminous, the amounts are taken from the management financial statements made up to the financial year end of the Group.

**(f) Investments**

Investments in quoted and unquoted shares held as long term investments are stated at cost. A provision is made when the Directors are of the opinion that there is a permanent diminution in value of the investments. Permanent diminution in the value of an investment is recognised as an expense in the financial year in which diminution is identified.

Short term investments in quoted shares are stated at the lower of cost and market value on the aggregate portfolio basis at the balance sheet date. Increases/decreases in the carrying amount are credited/charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

**(g) Property, plant and equipment**

Freehold land is stated at cost or valuation. All other property, plant and equipment are stated at cost less accumulated depreciation. The valuations are performed by independent professional valuers. Freehold land of the Group have not been revalued since the last revaluation in 1996. The Directors applied the transitional provisions of International Accounting Standards ("IAS") No.16 (Revised) Property, Plant and Equipment as adopted by the Malaysian Accounting Standards Board which allows these assets to be stated at their 1996 valuation. Accordingly, these assets have been stated at their last revalued amount.

Financing costs on specific identifiable borrowings used to finance the acquisition of property, plant and equipment are capitalised and carried forward as part of property, plant and equipment. Capitalisation of borrowing costs cease when assets are ready for their intended use.

**(h) Depreciation**

Freehold land and capital work-in-progress are not depreciated. Leasehold land with lease period of 99 years is not amortised as the Directors are of opinion that the non-amortisation of the long term lease has no material effect on the financial statements. The depreciation charge for the financial year had the long term leasehold period, amounted to RM15,700.

Other lands are not depreciated pending finalisation of their tenure with the relevant authorities.

Depreciation on other property, plant and equipment is calculated to write-off their cost on a straight line basis over their estimated useful lives of the assets concerned. The annual rates are :

	%
Buildings	2
Plant and machinery	5 - 25
Motor vehicles	20
Office furniture, fittings and equipment	5 - 33 1/3



Included in the office furniture, fittings and equipment are the initial cost of operating assets of a subsidiary company engaged in the hotel business such as furnishing, linen, crockery and cutlery that has been capitalised. Subsequent acquisitions to replace these operating assets are written off in the year in which they are acquired.

**(i) Hotel properties**

Hotel properties are stated at Directors' valuation based on independent valuers' reports. Additions subsequent to the date of valuation are stated at cost. It is the Group's policy to appraise the hotel properties once in every five years by independent professional valuers based on their open market values with additional valuations in the intervening years where market conditions indicate that the carrying values on the revalued assets are materially different from the market values. Any surplus or deficit arising therefrom will be dealt with in the Revaluation Surplus Account. A deficit, on individual hotel basis, is set off against the Revaluation Surplus Account only to the extent of a surplus credited from the previous revaluation of the hotel properties and the excess of the deficit is charged to the income statement.

No depreciation is provided as it is the Group's practice to maintain these properties in such condition that the residual value is so high that depreciation would be insignificant. The related maintenance expenditure is dealt with in the income statement.

**(j) Real property assets**

Real property assets consisting of land held for future development are stated at cost of acquisition including all related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use.

Such assets are transferred to inventories when significant development work is to be undertaken and is expected to be completed within the normal operating cycle.

**(k) Revenue recognition**

- (i) Income from property development is recognised on the percentage of completion method based on units sold, and where the outcome of the development projects can be reliably estimated. Anticipated losses are provided for in full.
- (ii) Income from construction contracts (including joint venture projects) is recognised on the percentage of completion method in cases where the outcome of the contract can be reliably estimated. In all cases, anticipated losses are provided for in full.
- (iii) Dividend income from investments is taken up as income when the shareholders' right to receive payment is established.
- (iv) Management fees, project management fees and rental income are recognised on accrual basis.
- (v) Interest income is recognised on accrual basis unless collectibility is in doubt in which case the recognition of such income is suspended.

**(l) Development properties and expenditure**

Development properties and expenditure are stated at cost and consist of freehold and leasehold land, development expenditure plus attributable profit less progress billings and provision for foreseeable losses.

The related development costs common to the whole project comprise finance charges on borrowings directly related to the financing of development and direct costs of construction. Costs charged to the income statement are in respect of properties sold and comprised proportionate land and development costs.

Development properties are classified as current assets when significant development work have been undertaken and are expected to be completed within the normal operating cycle.

**(m) Inventories**

All inventories are valued at the lower of cost and net realisable value.

Costs of unsold properties comprise proportionate cost of land and development expenditure.

Costs of hotel operating supplies are determined on a first-in, first-out basis. Provision is made for all deteriorated, damaged, obsolete or slow-moving inventories.

**(n) Debtors**

Known bad debts are written off and specific provision is made for any considered to be doubtful of collection.

**(o) Foreign currencies**

Foreign currency transactions are converted into Ringgit Malaysia at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling on that date. Exchange differences are reflected in the income statement.

Income statements of foreign entities are translated into the Group's reporting currency at average exchange rates for the financial year and balance sheets are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign subsidiary companies and associated companies are taken to Exchange Fluctuation Reserve in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

The principal closing rates used in translation of foreign currency amounts are as follows:

<u>Foreign currency</u>	<u>2000</u>	<u>1999</u>
	<b>RM</b>	RM
1 US Dollar	<b>3.800</b>	3.800
1 Singapore Dollar	<b>2.176</b>	2.282
1 Sterling Pound	<b>5.654</b>	6.151
1 Hong Kong Dollar	<b>0.486</b>	0.489
1 Australian Dollar	<b>2.098</b>	2.476

**(p) Deferred taxation**

Provision is made using the liability method for taxation deferred in respect of all timing differences except where it is considered reasonably probable that the tax effects of such deferrals will continue in the foreseeable future. Deferred tax benefits are not recognised in the financial statements unless there is a reasonable expectation of realisation in the foreseeable future.

**(q) Cash and cash equivalents**

Cash and cash equivalents consists of cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(r) Comparatives**

The comparative figures were extended to comply with the additional disclosure requirements of the applicable approved accounting standards that are applicable for the financial year ended 31 December 2000.

**3. Revenue**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Investment income	<b>1,046</b>	1,017	<b>19,414</b>	11,876
Sale of development properties billed to stages of completion	<b>227,751</b>	108,815	<b>5,393</b>	53,466
Sale of services	<b>18,068</b>	15,919	-	-
Rental of properties	<b>65,640</b>	5,317	<b>2,411</b>	3,271
	<b>312,505</b>	131,068	<b>27,218</b>	68,613
Group's share of revenue of associated companies	<b>279,395</b>	390,132		
	<b>591,900</b>	521,200		

## NOTES TO

### THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2000

#### 4. Profit from operations

	Group		Company	
	2000	1999	2000	1999
	RM '000	RM '000	RM '000	RM '000
<b>Profit from operations is stated after charging:</b>				
Fees paid to a professional firm in which a Director is a member	158	-	-	-
Depreciation of property, plant and equipment	29,652	1,251	484	536
Office rent	268	320	223	310
Auditors' remuneration	224	195	70	64
Provision for diminution in value of other investments	10,963	6,626	-	-
Provision for doubtful debts:				
Subsidiary company	-	-	8,280	-
Associated company	-	3,477	-	3,477
Trade and other receivables	75	527	-	-
Bad debt written off	-	142	-	-
Amortisation /write off of deferred expenditure	261	103	-	-
Staff cost	28,609	11,632	2,950	2,398

#### And crediting:

Dividends received (gross) from:

Subsidiary companies:				
Unquoted in Malaysia	-	-	2,537	-
Associated companies:				
Quoted in Malaysia	-	-	1,867	1,234
Quoted outside Malaysia	-	-	14,451	9,726
Unquoted	-	-	100	840
Quoted investments:				
In Malaysia	459	317	459	76
Outside Malaysia	587	700	-	-
Interest income from:				
Subsidiary companies	-	-	27,612	-
Associated company	765	5,674	765	5,674
Loan stocks	3,892	4,424	3,892	4,424
Fixed deposits	630	3,479	527	1,468
Profit on disposal of an associated company	1,190	-	12,754	-
Profit on disposal of property, plant and equipment	46	52	-	29
Rental income	18	1,915	-	-
Provision for diminution in value of quoted investment written back	-	13,130	-	-
Bad debts recovered	485	94	-	-

#### 5. Directors' remuneration

	Group		Company	
	2000	1999	2000	1999
	RM '000	RM '000	RM '000	RM '000
Fees	150	70	70	70
Other emoluments :				
Directors of the Company	1,263	1,288	1,058	1,108
Other Directors	589	524	-	-
	2,002	1,882	1,128	1,178

The Director's remuneration have been included in staff cost as disclosed in note 4 to the financial statements.

## NOTES TO

### THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2000

#### 6. Finance costs

	Group		Company	
	2000	1999	2000	1999
	RM '000	RM '000	RM '000	RM '000
<b>Finance costs are stated after charging/(crediting):</b>				
Interest expense on bank borrowings	<b>41,506</b>	50,951	<b>12,300</b>	21,877
Net exchange (gain)/loss on foreign currency borrowings:				
- unrealised	<b>(1,065)</b>	1,788	<b>(1,065)</b>	1,788
- realised	<b>(1,160)</b>	-	<b>(1,160)</b>	-

#### 7. Taxation

	Group		Company	
	2000	1999	2000	1999
	RM '000	RM '000	RM '000	RM '000
<b>In Malaysia</b>				
Income tax - current				
- Company and subsidiary companies	<b>(8,397)</b>	157	<b>(5,010)</b>	(602)
- Associated companies	<b>(9,595)</b>	(4,177)	-	-
Income tax - prior years	<b>(1,410)</b>	(1,406)	<b>(1,410)</b>	(170)
Transfer from deferred taxation	-	799	-	825
	<b>(19,402)</b>	(4,627)	<b>(6,420)</b>	53
<b>Outside Malaysia</b>				
Income tax - current				
- Company	-	-	<b>(5,202)</b>	-
- Associated companies	<b>(4,655)</b>	(6,826)	-	-
	<b>(4,655)</b>	(6,826)	<b>(5,202)</b>	-
	<b>(24,057)</b>	(11,453)	<b>(11,622)</b>	53

The effective tax rate of the Company for the financial year was lower than the statutory tax rate prevailing in Malaysia because certain income were not subject to income tax. The effective tax rate of the Group for the financial year was higher due to losses of certain subsidiary companies that are not available for set off against taxable profits of other subsidiary companies.

#### 8. Dividends

	Group and Company	
	2000	1999
	RM '000	RM '000
Proposed first and final dividend of 5% less tax at 28% (1999: first and final dividend of 2% tax exempt)	<b>10,691</b>	5,928

#### 9. Earnings per share

##### Basic

The basic earnings per share has been calculated based on the Group's net profit attributable to shareholders for the financial year of RM21,562,000 (1999: RM25,919,000) and the weighted average number of ordinary shares in issue during the financial year of RM593,953,000 (1999: RM500,258,000). The comparative figure for the earnings per

share has been restated in line with the provisions as laid out by MASB 13.

### Diluted

The diluted earnings per share is not presented in the financial statements as the effect of the assumed conversion of the TSRs, Warrants and ESOS share options during the financial year is anti-dilutive.

## 10. Share capital

	<b>Group and Company</b>	
	<b>2000</b>	1999
	<b>RM '000</b>	RM '000
Ordinary shares of RM0.50 each:		
<b>Authorised</b>		
At 1 January	<b>1,000,000</b>	500,000
Created during the year	-	500,000
At 31 December	<b><u>1,000,000</u></b>	<u>1,000,000</u>

The newly issued shares during the financial year rank pari passu in all respects with the existing issued shares of the Company.

At 31 December 2000, IJM Corporation Berhad, an associated company of the Company, held 24,735,000 (1999: 24,735,000) ordinary shares in the Company.

On 30 December 1999, there was a Rights Issue of 118,558,714 new ordinary shares of RM0.50 each with 118,558,714 warrants attached at an issue price of RM1.05 for each new ordinary share with one warrants attached on the basis of one new ordinary share with one warrant attached for every four existing ordinary shares held.

Each Warrant carries the right to subscribe for one new ordinary share at the Exercise Price of RM1.50 for a period of five years from the date of issue of the Warrant. As at 31 December 2000, the number of Warrants which has yet to be exercised is 118,558,214 (1999: 118,558,714).

The shareholders and TSRs holders have respectively, at an Extraordinary General Meeting and TSRs Holders Meeting held on 11 February 1999, approved the extension of the subscription period of one (1) out of every two (2) TSR 1993/1998 outstanding on 11 December 1998 which amounted to 115,348,544 TSRs by three (3) years to 11 December 2001.

Each TSR entitles its register holder at any time before the maturity date, to subscribe for one (1) new ordinary share of RM0.50 each in the Company at the adjusted subscription price of RM1.59 per share payable in cash.

As at 31 December 2000, the number of TSRs which has yet to be exercised is 123,527,657 (1999: 123,527,657).

### Employees' share option scheme (ESOS)

The ESOS, which expired on 4 November 1997, has been extended for a period of five years. The main features of the ESOS are as follows:

- (a) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee, appointed by the Board of Directors;



- (b) The total number of ordinary shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of the Company at any point of time during the existence of the ESOS which shall be in force for an extended period of five years expiring on 4 November 2002;
- (c) The number of shares under options or option price or both so far as the option remain unexercised shall be adjusted following any issue of additional shares in the issued share capital of the Company by way of rights issue, capitalisation of profits or reserves or any sub-division and consolidation of the Company's shares;
- (d) The option price at which the employees are offered to take up shares under the ESOS share options is the average of the mean market quotation of the shares of the Company as quoted in the Daily Official list issued by the Kuala Lumpur Stock Exchange for the five market days preceding the respective dates of offer of the options, or the par value of the shares of the Company of RM0.50, whichever is higher; and
- (e) The persons to whom the options have been granted have no right to participate by virtue of the options in any shares issue of any other company.

As at 31 December 2000, options granted to subscribe for ordinary shares of RM0.50 each which have yet to be exercised are as follows :

<u>Exercise price</u>	<u>Number of option granted and unexercised</u>
RM1.23	3,929,000
RM1.86	132,000
RM2.02	32,000
RM2.27	63,000
RM2.51	455,000
RM2.56	48,000
	<u>4,659,000</u>

# 11. Revaluation and other reserves

The revaluation and other reserves comprise :

Non-distributable	Group		Company	
	2000 RM '000	1999 RM '000	2000 RM '000	1999 RM '000
Exchange fluctuation reserves	<b>16,816</b>	17,533	-	-
Surplus on revaluation of properties	<b>39,108</b>	39,108	-	-
Surplus on revaluation of investment in an associated company	<b>29,258</b>	29,258	<b>29,258</b>	29,258
Capitalisation of revenue reserves in an associated company	<b>686</b>	686	-	-
	<b>85,868</b>	86,585	<b>29,258</b>	29,258
Goodwill arising on consolidation	<b>(22,532)</b>	(22,532)	-	-
	<b>63,336</b>	64,053	<b>29,258</b>	29,258
<b>Distributable</b>				
Gain on sale of investments	-	7240	-	7240
	<b>63,336</b>	71,293	<b>29,258</b>	36,498

The non-distributable reserves are not distributable as cash dividends.

## 12. Retained earnings

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends of approximately RM80,000,000 (1999: RM57,600,000) out of its distributable reserves of RM440,803,000 (1999: RM418,168,000) as at 31 December 2000 without incurring any additional tax liabilities. The Company also has tax exempt income as at 31 December 2000 amounting to RM108,577,000 (1999: RM101,033,000) available for distribution as tax exempt dividends to shareholders.

## 13. Term loans

	Note	Group		Company	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Secured		<b>124,242</b>	263,186	<b>124,242</b>	238,186
Unsecured		<b>6,363</b>	17,332	<b>6,363</b>	17,332
Total repayable		<b>130,605</b>	280,518	<b>130,605</b>	255,518
Repayments within 12 months (included in current liabilities)	28	<b>(7,689)</b>	(60,896)	<b>(7,689)</b>	(35,896)
Repayments after 12 months (included in non current liabilities)		<b>122,916</b>	219,622	<b>122,916</b>	219,622
Repayments due in:					
Not later than one year		<b>7,689</b>	60,896	<b>7,689</b>	35,896
Later than one year and not later than five years		<b>122,916</b>	219,622	<b>122,916</b>	219,622
Later than five years		-	-	-	-
		<b>130,605</b>	280,518	<b>130,605</b>	255,518

All the term loans are obtained from various financial institutions at annual rates of interest that ranged from 4.20% to 8.80% (1999: 4.20% to 8.90%) per annum.

The term loans of RM124,242,000 (1999: RM263,186,000) and RM124,242,000 (1999: RM238,186,000) obtained by the Group and the Company respectively are secured by way of deposits of marketable securities with market value of not less than the facility amount and fixed and collateral registered charges over certain lands and buildings, hotel properties and development properties of the Group as disclosed in notes 19,20,16,17 and 21 respectively to the financial statements.

#### 14. Murabahah underwritten notes and syndicated fixed rate loan

A subsidiary company has been granted loan facilities by financial institutions for purpose of financing the construction of Phase I of Mid Valley up to a maximum of RM450 million comprising two (2) programmes, namely:

- (a) Murabahah Underwritten Notes Issuance Facility (MUNIF) up to a maximum of RM250 million under the Islamic financing contract of Al-Murabahah; and
- (b) Syndicated Fixed Rate Loan (SFRL) of RM200 million.

The MUNIF and SFRL are secured by way of the following:

- (a) First legal mortgage on the subsidiary company's land together with the properties developed under Phase I of Mid Valley;
- (b) Corporate guarantee from the Company and subordination of all shareholders' loan;
- (c) Debenture over the assets of the subsidiary company; and
- (d) Legal assignments of:
  - (i) all sales and purchase and tenancy agreements, the contractors' performance bonds and insurance contracts;
  - (ii) Mid Valley project account; and
  - (iii) the subsidiary company's rights on building contracts, design and drawings of Mid Valley.

As at 31 December 2000, the total amount being issued/drawdown of RM379.5 million (1999: RM366.5 million) for purpose of financing the construction of Phase I of Mid Valley comprises:

- (a) RM179.5 million (1999: RM166.5 million) from MUNIF which is for a maturity period of up to six (6) months, and which can be rolled-over for the availability period of five (5) years commencing 15 September 1997. It is the intention of the Group to roll-over this facility for the next twelve (12) months. The cost of financing for the MUNIF facility for the financial year ranged from 3.80% to 5.08% (1999 : 3.85% to 8.07%)
- (b) RM200 million (1999: RM200 million) from SFRL which will be repayable by ten (10) half-yearly instalments of RM20 million each, commencing at the end of the seventh year from the first drawdown on 16 March 1998. This SFRL carries an interest rate of 9.50% per annum.

#### 15. Deferred taxation

	Group		Company	
	2000 RM '000	1999 RM '000	2000 RM '000	1999 RM '000
At 1 January	2,361	3,160	2,300	3,125
Transfer to income statement	-	(799)	-	(825)
At 31 December	<u>2,361</u>	<u>2,361</u>	<u>2,300</u>	<u>2,300</u>

Deferred taxation has been provided for all timing differences for the Company.

Subject to agreement by the Inland Revenue Board, the amount of unutilised tax losses and unabsorbed capital allowances of subsidiary companies available for set off against their future income chargeable to tax of the respective subsidiary companies amounted to RM132,989,000 and RM40,697,000 (1999: RM115,971,000 and RM10,183,000) respectively. The effect of the unutilised tax losses and unabsorbed capital allowances have not been accounted for in arriving at the provision for deferred taxation of the Group.

## 16. Property, plant and equipment

The Group 2000	Freehold land RM '000	Leasehold land RM '000	Other lands RM'000	Buildings RM '000	Plant and machinery RM '000	Motor vehicles RM '00	Office furniture, fittings and equipment RM '000	Capital work- in-progress RM '000	Total RM '000
At 1 January									
At Cost	2,008	1,558	37,725	608,104	6,431	3,506	9,035	72,368	740,735
At Valuation	26,999	-	-	-	-	-	-	-	26,999
Additions	-	-	8,229	10,682	26,195	397	18,219	17,952	81,674
Disposals	-	-	-	-	-	(187)	(10)	-	(197)
Reclassifications (note a)	-	-	1,001	(148,611)	162,195	-	-	(14,585)	-
At 31 December	29,007	1,558	46,955	470,175	194,821	3,716	27,244	75,735	849,211
<b>Accumulated Depreciation</b>									
At 1 January	-	-	-	2,037	6,431	2,390	5,985	-	16,843
Charge for the financial year	-	-	-	9,694	17,455	592	1,911	-	29,652
Disposals	-	-	-	-	-	(187)	(1)	-	(188)
At 31 December	-	-	-	11,731	23,886	2,795	7,895	-	46,307
<b>Net Book Value</b>									
At 31 December 2000									
At Valuation	26,999	-	-	-	-	-	-	-	26,999
At Cost	2,008	1,558	46,955	458,444	170,935	921	19,349	75,735	775,905
1999	29,007	1,558	46,955	458,444	170,935	921	19,349	75,735	802,904
At 1 January									
At Cost	2,008	1,558	-	6,436	6,431	3,375	7,401	501,885	529,094
At Valuation	26,999	-	-	-	-	-	-	-	26,999
Additions	-	-	-	-	-	536	1,858	209,876	212,270
Disposals	-	-	-	-	-	(405)	(224)	-	(629)
Reclassifications	-	-	37,725	601,668	-	-	-	(639,393)	-
At 31 December	29,007	1,558	37,725	608,104	6,431	3,506	9,035	72,368	767,734
<b>Accumulated Depreciation</b>									
At 1 January	-	-	-	1,899	6,431	1,861	5,655	-	15,846
Charge for the financial year	-	-	-	138	-	618	495	-	1,251
Disposals	-	-	-	-	-	(89)	(165)	-	(254)
At 31 December	-	-	-	2,037	6,431	2,390	5,985	-	16,843
<b>Net Book Value</b>									
At 31 December 1999									
At Valuation	26,999	-	-	-	-	-	-	-	26,999
At Cost	2,008	1,558	37,725	606,067	-	1,116	3,050	72,368	723,892
	29,007	1,558	37,725	606,067	-	1,116	3,050	72,368	750,891

**16. Property, plant and equipment (continued)**

**The Company**

	<b>Buildings RM '000</b>	<b>Plant and machinery RM '000</b>	<b>Motor vehicles RM '000</b>	<b>Office furniture, fittings and equipment RM '000</b>	<b>Total RM '000</b>
<b>2000</b>					
<b>At Cost</b>					
At 1 January	1,359	5,251	1,724	1,654	9,988
Additions	-	-	-	205	205
At 31 December	<u>1,359</u>	<u>5,251</u>	<u>1,724</u>	<u>1,859</u>	<u>10,193</u>
<b>Accumulated Depreciation</b>					
At 1 January	187	5,251	1,248	1,064	7,750
Charge for the financial year	27	-	315	142	484
At 31 December	<u>214</u>	<u>5,251</u>	<u>1,563</u>	<u>1,206</u>	<u>8,234</u>
<b>Net Book Value</b>					
At 31 December 2000	<u>1,145</u>	<u>-</u>	<u>161</u>	<u>653</u>	<u>1,959</u>
<b>1999</b>					
<b>At Cost</b>					
At 1 January	1,359	5,251	1,724	1,640	9,974
Additions	-	-	245	14	259
Disposals	-	-	(245)	-	(245)
At 31 December	<u>1,359</u>	<u>5,251</u>	<u>1,724</u>	<u>1,654</u>	<u>9,988</u>
<b>Accumulated Depreciation</b>					
At 1 January	160	5,251	909	918	7,238
Charge for the financial year	27	-	363	146	536
Disposals	-	-	(24)	-	(24)
At 31 December	<u>187</u>	<u>5,251</u>	<u>1,248</u>	<u>1,064</u>	<u>7,750</u>
<b>Net Book Value</b>					
At 31 December 1999	<u>1,172</u>	<u>-</u>	<u>476</u>	<u>590</u>	<u>2,238</u>

**(a) Plant and machinery**

Plant and machinery at cost of RM148,611,000 previously included under buildings has been reclassified to plant and machinery during the financial year. The reclassification is made upon completion of identification/segregation of plant and machinery costs pertaining to Mid Valley Megamall building.

**(b) Valuation**

The freehold land of a subsidiary company stated at valuation were revalued on 8 August 1996 by the Directors based on valuations carried out by independent professional valuers based on a fair market value basis. The revaluation surplus of RM25,587,000, which is not distributable by way of cash dividends, has been included in capital reserves of the Group.

The tax effect in connection with the surplus arising on the revaluation of the freehold land is not provided for as there is no foreseeable intention to dispose of the freehold land.

The net book value of freehold land of the Group that would have been included in the financial statements had this not been revalued and carried at cost is as follows:

	<b>2000</b>	1999
	<b>RM '000</b>	RM '000
Freehold land	<b><u>3,419</u></b>	<u>3,419</u>

(c) Other lands have not been classified according to their tenure pending finalisation with the relevant authorities. Lands and buildings, plant and machinery at cost of RM792,379,000 (1999: RM729,323,000) have been charged as security for certain term loan facilities as disclosed in notes 13 and 14 to the financial statements.

### 17. Hotel properties

The hotel properties of the Group stated at valuation were revalued on 8 August 1996 by the Directors based on valuations carried out by independent professional valuers on a fair market value basis. The revaluation surplus of RM11,776,000 which is not distributable by way of cash dividend, has been included in capital reserves of the Group.

The tax effect in connection with the surplus arising on the revaluation of the hotel properties is not provided for as there is no foreseeable intention to dispose of these properties.

The hotel properties stated at valuation of RM62,199,000 (1999: RM62,199,000) have been charged as security for certain term loan facilities as disclosed in note 13 to the financial statements.

### 18. Subsidiary companies

	<b>Company</b>	
	<b>2000</b>	1999
	<b>RM '000</b>	RM '000
Unquoted shares, at cost	<b>293,964</b>	293,964
Provision for diminution in value	<b>(1,525)</b>	(1,525)
	<b><u>292,439</u></b>	<u>292,439</u>

Details of subsidiary companies are set out on pages 63 and 64.

**19. Associated companies**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
<b>Quoted, at cost</b>				
Shares				
In Malaysia	<b>220,616</b>	220,616	<b>66,531</b>	66,531
Outside Malaysia	<b>30,937</b>	21,027	<b>30,937</b>	21,027
Loan stocks				
Outside Malaysia	<b>16,229</b>	26,139	<b>16,229</b>	26,139
Warrants				
In Malaysia	<b>4,815</b>	-	<b>4,815</b>	-
<b>Unquoted shares</b>				
At cost				
In Malaysia	<b>136,154</b>	142,444	<b>126,651</b>	132,941
Outside Malaysia	<b>46,167</b>	46,167	-	-
At valuation				
In Malaysia	<b>50,000</b>	50,000	<b>50,000</b>	50,000
	<b>504,918</b>	506,393	<b>295,163</b>	296,638
Group's share of post acquisition reserves and retained earnings less losses	<b>151,994</b>	143,328	-	-
	<b>656,912</b>	649,721	<b>295,163</b>	296,638
Provision for diminution in value	<b>(56,484)</b>	(56,484)	-	-
	<b>600,428</b>	593,237	<b>295,163</b>	296,638
Represented by :				
Group's share of net assets	<b>600,428</b>	593,237		
<b>Market value of quoted investments</b>				
Shares				
In Malaysia	<b>252,574</b>	276,590	<b>86,098</b>	86,811
Outside Malaysia	<b>89,184</b>	126,470	<b>89,184</b>	126,470
Loan stocks				
Outside Malaysia	<b>20,515</b>	44,083	<b>20,515</b>	44,083
Warrants				
In Malaysia	<b>11,601</b>	-	<b>11,601</b>	-
	<b>373,874</b>	447,143	<b>207,398</b>	257,364

Investments in associated companies of the Group at cost of RM267,782,000 (1999: RM267,782,000) and of the Company at cost of RM113,697,000 (1999: RM113,697,000) have been charged as security for certain term loan facilities as disclosed in note 13 to the financial statements.

The Group's investment in an associated company was revalued by the Directors in 1992 on the basis of its underlying net assets value. The revaluation surplus of RM29,258,000 has been credited to revaluation reserve. Other than this investment, the Company has not adopted a policy of revaluing its investment in associated companies. The investment at valuation has not been restated to cost as the amount is not material compared with the Group's net assets.

Details of associated companies are set out on page 65 and 66.

**20 Other investments**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>RM '000</b>	RM '000	<b>RM '000</b>	RM '000
<b>At cost</b>				
<b>Quoted shares</b>				
In Malaysia	<b>65,880</b>	65,880	-	-
Outside Malaysia	<b>36,239</b>	36,239	-	-
<b>Unquoted shares</b>				
In Malaysia	<b>6,151</b>	6,151	<b>2,900</b>	2,900
Outside Malaysia	<b>46,322</b>	47,029	-	-
	<b>154,592</b>	155,299	<b>2,900</b>	2,900
Provision for diminution in value	<b>(57,507)</b>	(46,544)	-	-
	<b>97,085</b>	108,755	<b>2,900</b>	2,900
<b>Market value of quoted investments</b>				
In Malaysia	<b>21,145</b>	40,367	-	-
Outside Malaysia	<b>40,908</b>	39,448	-	-
	<b>62,053</b>	79,815	-	-

The quoted investments have been charged as security for certain term loan facilities as disclosed in note 13 to the financial statements.

**21. Development properties and expenditure**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>RM '000</b>	RM '000	<b>RM '000</b>	RM '000
Land and development expenditure, at cost	<b>281,170</b>	327,987	-	38,086
Attributable profit less foreseeable losses	<b>82,327</b>	34,788	-	-
	<b>363,497</b>	362,775	-	38,086
Progress payments received and receivable	<b>(232,840)</b>	(95,253)	-	-
	<b>130,657</b>	267,522	-	38,086

Land and development expenditure of the Group at cost of RM281,170,000 (1999: RM273,762,000) have been charged as security for certain term loan facilities as disclosed in notes 13 and 14 to the financial statements.

Land and development expenditure of the Company of RM38,086,000 have been transferred to real property assets during the financial year as the plans to develop these properties have been deferred.



## NOTES TO

### THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2000

#### 22. Inventories

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>RM '000</b>	RM '000	<b>RM '000</b>	RM '000
<b>At cost</b>				
Inventories of unsold properties	<b>68,949</b>	40,817	<b>37,348</b>	40,817
Hotel operating supplies	<b>910</b>	746	-	-
	<b>69,859</b>	41,563	<b>37,348</b>	40,817

Inventories of unsold properties of the Group at cost of RM31,601,000 (1999: Nil) have been charged as security for certain term loan facilities as disclosed in notes 13 and 14 to the financial statements.

#### 23. Marketable securities

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>RM '000</b>	RM '000	<b>RM '000</b>	RM '000
<b>At cost</b>				
Quoted in Malaysia:				
Shares	<b>9,783</b>	9,783	<b>6,529</b>	6,529
Warrants	<b>7,036</b>	7,036	<b>7,036</b>	7,036
	<b>16,819</b>	16,819	<b>13,565</b>	13,565
<b>Market value of quoted investments</b>				
Quoted in Malaysia:				
Shares	<b>10,434</b>	10,432	<b>10,434</b>	10,432
Warrants	<b>7,551</b>	8,053	<b>7,551</b>	8,053
	<b>17,985</b>	18,485	<b>17,985</b>	18,485

#### 24. Trade and other receivables

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>RM '000</b>	RM '000	<b>RM '000</b>	RM '000
Trade receivables	<b>47,481</b>	24,828	<b>1,906</b>	6,834
Less: Provision for doubtful debts	<b>(2,572)</b>	(3,057)	<b>(914)</b>	(914)
	<b>44,909</b>	21,771	<b>992</b>	5,920
Other receivables	<b>24,975</b>	36,369	<b>20,626</b>	28,991
Less: Provision for doubtful debts	<b>(2,076)</b>	(2,001)	<b>(1,514)</b>	(1,514)
	<b>22,899</b>	34,368	<b>19,112</b>	27,477
Sundry deposits	<b>2,053</b>	823	<b>372</b>	140
Prepayments	<b>2,083</b>	2,826	-	-
	<b>71,944</b>	59,788	<b>20,476</b>	33,537



## NOTES TO

### THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2000

#### 25. Amount owing by/to subsidiary companies

	Company	
	2000	1999
	RM '000	RM '000
Amount owing by subsidiary companies	<b>696,531</b>	653,023
Less: Provision for doubtful debts	<b>(8,280)</b>	-
	<b>688,251</b>	653,023
Amount owing to subsidiary companies	<b>192,569</b>	260,925

Amount owing by/to subsidiary companies represents advances and are unsecured, have no fixed terms of repayment and carried nominal interest rates on amount owing by subsidiary companies (1999: interest free) except for an amount owing by a subsidiary company of RM356,711,493 (1999: RM289,597,452) which carries interest at a rate of 8.3% (1999: 10%) per annum.

#### 26. Amount owing by/to associated companies

	Group		Company	
	2000	1999	2000	1999
	RM '000	RM '000	RM '000	RM '000
Amount owing by associated companies	<b>135,388</b>	140,152	<b>73,797</b>	111,669
Less: Provision for doubtful debts	<b>(3,477)</b>	(3,477)	<b>(3,477)</b>	(3,477)
	<b>131,911</b>	136,675	<b>70,320</b>	108,192
Amount owing to associated companies	<b>38,779</b>	13,444	<b>13,925</b>	13,444

Amount owing by/to associated companies represents advances and are unsecured, have no fixed terms of repayment and interest free except for an amount owing by an associated company of RM53,537,359 (1999: RM108,131,751) which carries interest at rates that ranged from 3.13% to 4.45% (1999: 3.95% to 6.90%) per annum.

#### 27. Trade and other payables

	Group		Company	
	2000	1999	2000	1999
	RM '000	RM '000	RM '000	RM '000
Trade payables	<b>111,849</b>	131,985	<b>10</b>	10
Accruals	<b>62,988</b>	97,367	<b>46,653</b>	48,888
Other payables	<b>16,755</b>	36,250	<b>16,494</b>	35,952
	<b>191,592</b>	265,602	<b>63,157</b>	84,850

Included in other payables is an advance of RM14,000,000 (1999 : Nil) from a related party-Wah Seong (M) Trading Co Sdn Bhd (Note 34). The advance is unsecured, has no fixed terms of repayment and carries interest at a rate of 7% per annum.

**28. Bank borrowings**

	Note	Group		Company	
		2000 RM '000	1999 RM '000	2000 RM '000	1999 RM '000
<b>Unsecured</b>					
Current portion of term loans	13	<b>6,363</b>	4,952	<b>6,363</b>	4,952
Short term loans		<b>51,000</b>	16,000	<b>26,000</b>	16,000
Bank overdrafts		<b>5,571</b>	5,402	<b>3,003</b>	5,402
<b>Secured</b>					
Current portion of term loans	13	<b>1,326</b>	55,944	<b>1,326</b>	30,944
		<b>64,260</b>	82,298	<b>36,692</b>	57,298

The interest rates charged on the bank overdrafts and short term loans of the Group and the Company for the financial year ranged from 4.20% to 8.80% (1999: 4.20% to 8.90%) per annum.

**29. Cash and cash equivalents**

Cash and cash equivalents included in the cash flow statements comprised the following balance sheet amounts:

	Group		Company	
	2000 RM '000	1999 RM '000	2000 RM '000	1999 RM '000
Deposits with licensed banks	<b>11,722</b>	157,460	-	152,100
Cash and bank balances	<b>6,275</b>	15,614	<b>727</b>	6,853
Bank overdrafts	<b>(5,571)</b>	(5,402)	<b>(3,003)</b>	(5,402)
	<b>12,426</b>	167,672	<b>(2,276)</b>	153,551

Included in the above is cash at bank amounting to RM413,368 and RM4,421 for the Group and the Company (1999: Nil and RM26,315) respectively, which are maintained in designated Housing Development Accounts pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Regulations, 1991 in connection with the property development projects of the Group and of the Company.

**30. Non cash transactions**

The principal non cash transaction during the financial year is the conversion of 5 million loan stocks to 3,571,429 ordinary shares at cost of RM9,910,000 in an associated company quoted outside Malaysia.

### 31. Segment reporting - Group

#### Analysis by activity

	Revenue RM '000	Profit Before Tax RM '000	Total Assets Employed RM '000
<b>2000</b>			
Property development	323,128	19,607	1,194,820
Construction	124,340	21,820	229,140
Investment holding	24,745	1,579	288,761
Hotel and others	119,687	2,945	360,212
	<u>591,900</u>	<u>45,951</u>	<u>2,072,933</u>
<b>1999</b>			
Property development	146,053	(6,672)	1,305,922
Construction	248,648	28,148	238,123
Investment holding	29,372	19,177	316,218
Hotel and others	97,127	(8,343)	350,521
	<u>521,200</u>	<u>32,310</u>	<u>2,210,784</u>

#### Analysis by geographical location

	Turnover RM '000	Profit Before Tax RM '000	Total Assets Employed RM '000
<b>2000</b>			
Malaysia	511,062	36,107	1,876,550
Asia Pacific	38,336	817	137,892
Others	42,502	9,027	58,491
	<u>591,900</u>	<u>45,951</u>	<u>2,072,933</u>
<b>1999</b>			
Malaysia	447,550	24,313	2,036,030
Asia Pacific	41,549	1,848	125,026
Others	32,101	6,149	49,728
	<u>521,200</u>	<u>32,310</u>	<u>2,210,784</u>

### 32. Capital commitment

	Group		Company	
	2000 RM '000	1999 RM '000	2000 RM '000	1999 RM '000
Authorised capital expenditure not provided for in the financial statements :				
- contracted	<u>-</u>	<u>26,728</u>	<u>-</u>	<u>-</u>

**33. Contingent Liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Secured guarantees of bank facilities granted to:				
Subsidiary companies	-	-	28,059	121,798
Associated companies	1,300	1,300	1,300	1,300
	<u>1,300</u>	<u>1,300</u>	<u>29,359</u>	<u>123,098</u>

No losses are expected to arise in respect of the above.

**34. Significant related party disclosures**

Significant transactions between the Group and its related parties are as follows:

- (a) In 1997, a subsidiary company entered into a joint venture turnkey contract at an original total contract sum of RM968 million subsequently revised to RM772 million, to design and construct Phase I of Mid Valley. The joint venture is between a wholly owned subsidiary company, IT&T Engineering & Construction Sdn Bhd and an associated company, IJM Corporation Berhad. During the financial year, progress billings paid and payable in respect of this contract amounted to RM34,750,262 (1999: RM245,777,000) out of which the balance outstanding at balance sheet date was RM22,062,535 (1999: RM87,972,164).

- (b) Other significant transactions between the Group and its related parties are as follows:

	<b>Group 2000 RM'000</b>
<b>(i) Associated companies</b>	
<b>Dividend income :</b>	
- Ipoh Limited	14,451
- IJM Corporation Berhad	6,389
- Negara Properties (M) Berhad	869
<b>Loans stocks interest income :</b>	
- Ipoh Limited	3,892
<b>Interest income :</b>	
- Great Union Properties Sdn Bhd	765
<b>Advances to :</b>	
- Great Union Properties Sdn Bhd	10,697
- Kundang Properties Sdn Bhd	19,775
- Istaron Limited	20,744
<b>Advances from :</b>	
- Ravencroft Investments Incorporated	12,529

## NOTES TO

### THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2000

Other related parties	Relationship	
Wah Seong (M) Trading Co Sdn Bhd	A company in which Dato' Tan Chin Nam and Robert Tan Chung Meng, Directors of IGB Corporation Berhad, have substantial financial interest	
Advanced Constructive Engineering Sdn Bhd	A subsidiary company with Wah Seong (M) Trading Co Sdn Bhd	
Wasereal Sdn Bhd	A subsidiary company with Wah Seong (M) Trading Co Sdn Bhd	
IPS Project Supply Sdn Bhd	A subsidiary company with Wah Seong (M) Trading Co Sdn Bhd	
Cahaya Utara Sdn Bhd	An associated company of Wah Seong (M) Trading Co Sdn Bhd	
Tan Lee Sar	Close member of family of Tan Boon Gark, a Director of IGB Corporation Berhad	
Tan Lee Hoon	Close member of family of Tan Boon Gark, a Director of IGB Corporation Berhad	
(ii) Related parties		
		<b>Group 2000 RM'000</b>
<b>Advances from :</b>		
- Wah Seong (M) Trading Co Sdn Bhd		<b>14,000</b>
<b>Sales of development properties to :</b>		
- Advanced Constructive Engineering Sdn Bhd		<b>8,587</b>
- Wasereal Sdn Bhd		<b>8,572</b>
- Tan Lee Sar		<b>1,634</b>
- Tan Lee Hoon		<b>1,004</b>
<b>Purchases of building materials from :</b>		
- IPS Project Supply Sdn Bhd		<b>6,678</b>
<b>Management/Marketing fee income from :</b>		
Cahaya Utara Sdn Bhd		<b>1,186</b>

The above transactions with related parties were carried out in the normal course of business under terms and conditions which are obtainable in transactions with unrelated parties or renegotiated amongst related parties.

Significant outstanding balances arising from the above non-trade transactions during the financial year are as follows :

	Type of transaction	Group 2000 RM'000
<b>(i) Associated companies</b>		
<b>Receivables :</b>		
- Great Union Properties Sdn Bhd	Advances	10,697
- Kundang Properties Sdn Bhd	Advances	19,775
- Istaron Limited	Advances	20,744
<b>Payables :</b>		
- Ravencroft Investments Incorporated	Advances	12,529
<b>(ii) Other related party - Payable</b>		
- Wah Seong (M) Trading Co Sdn Bhd	Advances	14,000

**35. Comparative figures**

The following balance sheet comparative figures of the Group and of the Company have been reclassified to conform with current financial year's presentation

	<b>Group</b>		<b>Company</b>	
	<b>As previously reported RM'000</b>	<b>As restated RM'000</b>	<b>As previously reported RM'000</b>	<b>As restated RM'000</b>
Term loans	244,186	219,622	244,186	219,622
Bank borrowings	91,417	82,298	66,417	57,298
Trade and other receivables	93,471	59,788	67,220	33,537

The accrued financing costs on Promissory Notes of RM33,683,000 previously included in other debtors, deposits and prepayments has been reclassified to set off against term loans and bank borrowings as the financing costs, which represent accrued financing costs from the balance sheet date up to the maturity dates of the Promissory Notes, are not due as at balance sheet date. The reclassification has no impact on the net profit attributable to shareholders.



## SUBSIDIARY

### COMPANIES

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2000	1999
Bagan Ajam Estate Sendirian Berhad	Property Development	Malaysia	100.0	100.0
Cititel Hotel Management Services Sdn Bhd	Hotel Management	Malaysia	60.0	60.0
Corpool Holdings Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
Permata Dunia Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
Dian Rezki Sdn Bhd	Property Development	Malaysia	100.0	100.0
1 Elitebind Holdings Sdn Bhd	Property Holding	Malaysia	100.0	100.0
+ Grapevine Investments Pte Ltd	Investment Holding	Singapore	100.0	100.0
Hai Aun Co Sendirian Berhad	Property Development	Malaysia	100.0	100.0
ICDC Holdings Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
Express Management Consultants Sdn Bhd	Management Services	Malaysia	100.0	100.0
ICDC Management Sdn Bhd	Management Services	Malaysia	100.0	100.0
ICDC Properties Sdn Bhd	Dormant	Malaysia	100.0	100.0
Innovation & Concept Development Co Sdn Bhd	Property Development & Management	Malaysia	100.0	100.0
Pasirindu Sdn Bhd	Dormant	Malaysia	100.0	100.0
IEH Corporation Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
2 IGB Industries Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
IGB Project Management Services Sdn Bhd	Project Management Services	Malaysia	100.0	100.0
Kemas Muhibbah Sdn Bhd	Property Development	Malaysia	100.0	100.0
Intercontinental Aviation Services Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
Ipoh Garden Shopping Complex Sdn Bhd	Property Holding	Malaysia	100.0	100.0
IT&T Engineering & Construction Sdn Bhd	Construction	Malaysia	100.0	100.0
IGB Properties Sdn Bhd	Property Investment	Malaysia	100.0	100.0
K Parking Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
Kilat Security Sdn Bhd	Dormant	Malaysia	100.0	100.0
+ Lingame Company Limited	Management Services	Hong Kong	100.0	100.0
* Auspicious Prospects Ltd	Investment Holding	Liberia	100.0	100.0
+ Bellegrove Pte Ltd	Investment Holding	Singapore	100.0	100.0
Lucravest Holdings Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
Mid Valley City Sdn Bhd	Property Development & Property Investment	Malaysia	90.3	90.3
MVC Centre Management Services Sdn Bhd	Property Management	Malaysia	90.3	90.3
Mid Valley Food Management Sdn Bhd	Dormant	Malaysia	100.0	100.0
Murni Properties Sdn Bhd	Property Development	Malaysia	100.0	100.0
Pacific Land Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
* Beswell Limited	Investment Holding	Hong Kong	100.0	100.0
Pangkor Island Resort Sdn Bhd	Hotelier	Malaysia	100.0	100.0
PIR Management Services Sdn Bhd	Management & Maintenance Services	Malaysia	100.0	100.0





## SUBSIDIARY

### COMPANIES

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2000	1999
Pebbles Enterprise Sdn Bhd	Property Development	Malaysia	<b>100.0</b>	100.0
Pekeliling Land Sdn Bhd	Property Holding	Malaysia	<b>100.0</b>	100.0
Pekeliling Property Sdn Bhd	Property Management & Services	Malaysia	<b>100.0</b>	100.0
Penang Garden Sdn Bhd	Property Development	Malaysia	<b>100.0</b>	100.0
Plaza Permata Management Services Sdn Bhd	Property Management Services	Malaysia	<b>100.0</b>	100.0
Prima Condominium Sdn Bhd	Investment Holding	Malaysia	<b>100.0</b>	100.0
Primanah Property Sdn Bhd	Property Development	Malaysia	<b>100.0</b>	100.0
Puncak Megah (M) Sdn Bhd	Property Development	Malaysia	<b>100.0</b>	-
Riraian Enterprise Sdn Bhd	Investment Holding	Malaysia	<b>100.0</b>	100.0
Tanah Alam Sdn Bhd	Property Development	Malaysia	<b>100.0</b>	100.0
Tanah Permata Sdn Bhd	Hotelier	Malaysia	<b>100.0</b>	100.0



**COMPANIES**

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2000	1999
* Asian Equity Limited	Investment Holding	British Virgin Islands	<b>35.0</b>	-
* Crystal Centre Properties (International) Ltd	Investment Holding	Hong Kong	<b>45.0</b>	45.0
Earning Edge Sdn Bhd	Investment Holding	Malaysia	<b>30.0</b>	30.0
+ Grapevine Investments (Hong Kong) Limited	Investment Holding	Hong Kong	<b>50.0</b>	50.0
Great Union Properties Sdn Bhd	Hotelier	Malaysia	<b>50.0</b>	50.0
IJM Corporation Berhad	Investment Holding & Construction	Malaysia	<b>20.2</b>	20.7
+ Ipoh Limited	Property Holding	Australia	<b>20.6</b>	25.8
* Istaron Limited	Investment Holding	Hong Kong	<b>50.0</b>	50.0
Johan Kekal Sdn Bhd	Property Development	Malaysia	<b>50.0</b>	50.0
Kundang Properties Sdn Bhd	Property Development	Malaysia	<b>50.0</b>	50.0
Macroland Holdings Sdn Bhd	Property Development	Malaysia	<b>30.0</b>	30.0
* Micasa Hotel Limited	Hotelier	Myanmar	<b>30.0</b>	30.0
* Negara Properties (M) Berhad	Property Development	Malaysia	<b>24.6</b>	24.6
* New Commercial Investments Limited	Investment Holding	British Virgin Islands	<b>35.0</b>	35.0
* Ravencroft Investments Incorporated	Investment Holding	British Virgin Islands	<b>41.2</b>	35.0
* Saigon Inn Hotel Co	Hotelier	Vietnam	<b>33.8</b>	33.8
* St Giles Hotel Ltd	Hotelier	United Kingdom	<b>41.2</b>	35.0
* St Giles Hotel (Heathrow) Ltd	Hotelier	United Kingdom	<b>35.0</b>	-
Sukatan Garisan Sdn Bhd	Property Holding	Malaysia	<b>50.0</b>	50.0
* Weian Investments Pte Ltd	Property Development & Trading	Singapore	<b>49.0</b>	49.0
Wilson Parking Sdn Bhd	Management of Car Parks	Malaysia	<b>24.5</b>	24.5

+ Companies audited by member firms of PricewaterhouseCoopers International

\* Companies not audited by PricewaterhouseCoopers

1 On 22 March 2001, Elitebind Holdings Sdn Bhd changed its name to X-Speed Sdn Bhd and its principal activity is changed to management of skate park.

2 On 14 March 2001, IGB Industries Sdn Bhd changed its name to Ensignia Construction Sdn Bhd.

3 On 5 April 2001, the Group acquired 100% of the issued and paid-up share capital of MVEC Exhibition And Events Services Sdn Bhd (formerly known as IGB Property Holdings Sdn Bhd) of RM2.00 at par. The principal activity of the Company is the provision of exhibition services.



## STATEMENT BY

DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Robert Tan Chung Meng and Abdul Samad Bin Haji Alias, two of the Directors of IGB Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 34 to 66 are drawn up so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2000 and of their results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 23 April 2001

**Robert Tan Chung Meng**

Joint Managing Director

**Abdul Samad Bin Haji Alias**

Director

Kuala Lumpur



## STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Lai Meng, the Director primarily responsible for the financial management of IGB Corporation Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements set out on pages 34 to 66 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**Lai Meng**

Subscribed and declared at Kuala Lumpur on 23 April 2001

Before me:

**Kok Yoon Wah**

Commissioner for Oaths



## REPORT OF THE AUDITORS

TO THE MEMBERS OF IGB CORPORATION BERHAD FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2000

We have audited the financial statements set out on pages 7 to 37. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and of the Company as at 31 December 2000 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiary companies of which we have not acted as auditors are indicated on page 63 and 64 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

**PricewaterhouseCoopers**  
(AF: 1146)  
Public Accountants

**Shirley Goh**  
(No. 1778/08/02 (J))  
Partner of the firm  
Kuala Lumpur  
23 April 2001



## LIST OF PROPERTIES HELD

BY IGB CORPORATION BERHAD AND ITS SUBSIDIARIES AT 31 DECEMBER 2000

Location	Description	Area	Tenure	Net book value as at 31.12.2000 (RM '000)	Approximate age of building
PN 1765 Lot 123 Sec 44 Kuala Lumpur	Land for future development	4,049 sm	Leasehold expiring 26.3.2074	18,461	-
CT 10823 Lot 15 Sec 88A Kuala Lumpur	Land for future development	20,446 sf	Freehold	3,817	-
CT 10824 Lot 16 Sec 88A Kuala Lumpur	Land for future development	20,364 sf	Freehold	2,573	-
No. 6 Jalan Kampar 50400 Kuala Lumpur	25-storey office building known as Plaza Permata	214,000 sf	Freehold	37,576	17 yrs
Lot Nos. 13041, 13042 14905, 14999, 15545, 21932, 41490, 41491, 33567, 30323, 30324, 30325 & 30218 All in Mukim Hulu Kinta, Perak	Land for future development	60.83 acres	Freehold	5,295	-
Lot No. 44747 Mukim Hulu Kinta, Perak	Land for future development	140.3 acres	Leasehold expiring 29.7.2061	7,940	-
Lot 45845 Kuala Lumpur	Land currently under development into 132 units luxury condominiums	3.5 acres	Freehold	7,463	-
CT 16118 Lot No. 40 Sec 88A Kuala Lumpur	Land for future development	16,150 sf	Freehold	879	-
P.T.1 Sec 44 Kuala Lumpur	Land for future development	32,670 sf	Leasehold expiring 26.5.2073	7,632	-
Mid Valley City Lingkaran Syed Putra Kuala Lumpur	629-room Business Class Hotel known as Cititel Mid Valley	-	-	63,078	1 yr
Mid Valley City Lingkaran Syed Putra Kuala Lumpur	17-levels office building known as Menara IGB	212,000 sf	-	51,695	1 yr



## LIST OF PROPERTIES HELD

BY IGB CORPORATION BERHAD AND ITS SUBSIDIARIES AT 31 DECEMBER 2000

Location	Description	Area	Tenure	Net book value as at 31.12.1999 (RM '000)	Approximate age of building
Geran 17995 Lot. 110423 Mukim Hulu Kinta, Perak	3-storey shopping complex known as "Ipoh Garden Plaza" at Jalan Sultan Azlan Shah Utara, Ipoh	80,000 sf	Freehold	4,081	18 yrs
Lot Nos. 3577 to 3580, 3588, 3590, 3592, 3593, 3599 to 3604, 3726, 3727, 3740, 3594, 3741, 3744 to 3748, 3760, 3761, 3939, 3731, 3566, 354 & 355 Mukim Lumut, Pangkor Island	250-room Hotel known as "Pan Pacific Resort Pangkor"	45.14 hectares	Freehold	89,926	15 yrs
PT 290 Mukim Morib, Selangor	Land of future development	20 acres	Leasehold expiring 16.8.2094	1,494	-
Lot Nos. 1529, 1743 & 3484 Mukim Rawang, Selangor	Land for future development	63.12 acres	Freehold	1,491	-
Lot Nos. 2, 19, 21, 34, 37, 2143, 2372, 2373, 2377, 3978 Kuala Lumpur	Part of land currently under development for Mid Valley City	10.16 acres	Freehold	) ) ) ) ) )	-
Lot Nos. PT1 & PT4 Kuala Lumpur	Part of land currently under development for Mid Valley City	38.49 acres	Leasehold expiring 5.5.2085	) 950,111 ) ) )	-
Lot No. 200 Kuala Lumpur	Part of land currently under development for Mid Valley City	0.75 acres	Leasehold expiring 26.11.2024	) ) ) )	-
<p>The above 49.40 acres of land in Mid Valley City is being developed/to be developed into the following :</p> <ol style="list-style-type: none"> <li>1. Mid Valley Megamall (1,653,603 sf)</li> <li>2. Unsold signature offices (151,716 sf)</li> <li>3. Development rights for 5 office towers with built-up area of 1,128,302 sf.</li> <li>4. Parcel 2 vacant commercial land for future development (421,888 sf)</li> <li>5. Parcel 3 vacant commercial land for future development (96,286 sf)</li> <li>6. Parcel 4 vacant land for residential development</li> </ol>					

**F O R M O F P R O X Y**

Number of Shares Held

I/We .....

of .....

being a member(s) of IGB CORPORATION BERHAD, hereby appoint .....

of .....

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Thirty-Seventh Annual General Meeting of the Company to be held at Hall 12, Golden Screen Cinemas, 3<sup>rd</sup> Floor, South Court, Mid Valley Megamall, Lingkaran Syed Putra, 59200 Kuala Lumpur on Wednesday, 30 May 2001 at 11.30 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below :

No.	Resolution	For	Against
1.	Adoption of Reports and Accounts		
2.	Declaration of a First and Final Dividend		
3.	Approval of Directors' Fees		
4.	Re-election of Abdul Samad bin Haji Alias		
5.	Re-election of Osman bin Haji Ismail		
6.	Re-appointment of PricewaterhouseCoopers as Auditors		
7.	Special Business : Ordinary Resolution - Section 132D, Companies Act, 1965 Issue of New Shares		

Please indicate with an 'x' in the space provided how you wish your vote to be cast. In the absence of specific directions, your Proxy will vote or abstain as he thinks fit.

Dated this ..... day of ..... 2001

.....  
Signature of Shareholder(s) or Common Seal

**NOTES:**

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company. In the case of a corporate member, the instrument appointing a proxy shall be under its common seal or under the hand of a duly authorized officer or attorney. The Form of Proxy must be deposited at the Registered Office of the Company at Penthouse, Menara IGB, No, 1 The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.



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A F F I X  
S T A M P

The Company Secretary

**IGB CORPORATION BERHAD** (5745-A)

Penthouse,  
Menara IGB,  
No. 1 The Boulevard, Mid Valley City,  
Lingkaran Syed Putra, 59200 Kuala Lumpur

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